

The British Sugar Beet Society,
LIMITED.

The HOME GROWN SUGAR
INDUSTRY.

Its History and Development.

Compiled under the authority of the Committee

by

ALFRED WOOD.

with a foreword by

RT. HON. THE EARL OF DENBIGH, C.V.O.

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6, LANCASTER PLACE, WELLINGTON STREET,
STRAND, W.C.2.

The British Sugar Beet Society, Limited.

(Registered in 1915 under the Industrial and Provident Societies Acts).

A non-trading propagandist body formed to promote the development of the Beet Sugar Industry in the United Kingdom.

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FOREWORD

BY

THE RT. HON. THE EARL OF DENBIGH, C.V.O.

The Committee of the British Sugar Beet Society have asked me to write a foreword in connection with this Summary of its work, as I think I may claim to have initiated and directed the propaganda which took place during the 14 years prior to the Society's formation. At long last the industry now seems to be well under way.

During the past season three factories have operated successfully and will have turned out about 22,000 tons of white sugar from about 23,000 acres of land. Other factories are being built. Most important of all, farmers and agriculturists generally are more and more realizing the advantages of the sugar beet crop, whilst politicians of all parties seem at length to appreciate the necessity of seriously assisting the establishment of this industry, new to the British Isles, but everywhere else proved as tending to encourage arable farming and improved cultivation, which in itself means an increase in the yield of subsequent cereal crops, together with more rural employment. Twenty-five years ago, after the failure of certain well meant but badly directed efforts in the years 1870-80, all talk of a British Sugar Industry seemed to be dead, and the idea that our sunshort climate was not adapted for ripening the roots was generally prevalent.

In 1900, the chance reading of an article roused my interest, and learning of the remarkable improvements in sugar bearing qualities effected by scientific selection of seeds in Germany, I decided on some further private experiments. Small crops grown for a few years on my own home farm in Warwickshire, assisted later by others grown by some of my farm tenants convinced me that the theory referred to was wrong, and by regularly publishing the weights and analysed sugar contents of these roots, coupled with an agitation carried out in Parliament and the Press, general interest became gradually aroused. Kind friends and some generous land-owners gave encouragement, assistance and funds, and in 1910 the National Sugar Beet Association was formed. By organizing experimental crops in many different counties, by careful feeding trials with imported pulp, and instruction to the agricultural public, a systematic and extensive propaganda was carried on till the outbreak of war. The late Mr. G. Martineau was kindly interested, and often wrote to me and Dr. Schack-Sommer and Dr. Voelcker and gave me much useful advice and information. We were much indebted to the generosity of the Duke of Bedford, Colonel A. Morrison, The Marquis of Lansdowne, and many others, whilst Mr. J. W. Dennis,

Mr. J. R. Drake, and D. B. Dyer took an active part in directing the Association, which was under the energetic management of Mr. H. A. Alexander, with myself as Chairman. The building of Cantley factory in 1911-12, mainly with Dutch capital, first attracted by our publication of successful trial crops grown in Norfolk, was a great event. Colonel G. L. Courthope, M.C., M.P., and others took an active part in connection with this.

It was the war, however, which made our people realize what dependence on Germany and Austria for our sugar supplies had entailed on the nation. Then it was that a strong Parliamentary Group took up the work of our Association, dispersed by the conditions of war, and then it was that the Sugar Beet Society was formed as a means of providing educational matter and generally continuing the propaganda which can now be said to have been successful in its objects.

Mistakes no doubt have been made, and money has been lost owing to abnormal conditions and falling markets, but valuable experience has been gained and difficulties are being surmounted. The Society and its able and energetic Secretary may justly claim great credit for the position now attained, and they have accomplished much useful spade work, but much still remains to be done. Factory managers, chemists, sugar experts, factory designers, engineers, mechanics, have to be trained, to say nothing of the farmers and labourers who provide the raw material and the organization of field labour and transport from field to factory.

Sugar beet in other Continental countries, and also in the United States and Canada is regarded as an essential and valuable feature of their agriculture. It should acquire the same position in Britain, where in this wet and sunless year, the sugar average of roots of the three factories has been over 17 per cent. a figure better than that of the Continent. The professional Company promoter must keep his hands off the industry where only the most able management will bring success, and this will only be maintained by confidence and generous co-operation between factories and farmers. The latter especially would do well to remember that factories are very expensive, and that capital for a new industry is very easily frightened and requires to be attracted by a good prospect of adequate returns. Let the industry be kept away from the field of party politics, and let the Nation remember that if it can be shown to be of permanent benefit to our agriculture, it is well worth assistance in its early stages.

February, 1925.

1.—The Society's Programme.

As revised in November, 1924.

1. To serve the national interest by promoting the rapid development of the British sugar beet industry and its education and experience so that as the state assistance diminishes and ultimately disappears, manufacturers of Beet Sugar and growers of Sugar Beet will reach the standard of economical working necessary to enable the industry to stand alone and become permanently rooted in the economic structure of British Agriculture; to assist all interests to avoid errors of policy, which would prejudice the end in view; and to demonstrate to His Majesty's Government and to Parliament that the state assistance provided has been amply justified by results.

2. To employ means of propaganda, on non-party lines, to further the development of the sugar beet industry in this country on a sound basis; to educate and influence public opinion, not only in agricultural districts but in urban and industrial centres, as to the national value of the industry; and, in particular, to gather and publish as widely as possible information as to the following:—

- (a) The contribution which a successful sugar beet industry will make to the solution of the most pressing British agricultural problem, namely, the maintenance of an adequate arable cultivation.
- (b) The material benefits which the home industry confers upon the consumer, the farmer and the wage-earner; the contribution which the industry can make to national wealth; the improvement in the standard of rural life which it can promote; and the commercial return possible to capital employed in beet sugar factories operating on sound lines.

3. To give reliable information, so far as it is available to the Society, to all or any groups of responsible persons who may propose to enter upon beet sugar factory propositions, but not to take part in their promotion financially or otherwise.

4. To endeavour to secure a grant from the Development Fund for the promotion and maintenance of a School for the Sugar Industry, being the co-ordination of theoretical training at existing universities, and practical training at existing factories at home and abroad. Such a school, which has proved to be one of the main factors of the success of the beet sugar factories in Continental countries, will assist in providing technical experts for future factories.

5. To encourage the manufacture of beet sugar machinery in this country, and to urge upon manufacturers the necessity of earnestly studying the question so that they will be in a position to meet the demand of factory companies for quick delivery of suitable and up-to-date machinery.

6. To develop the establishment of seed stations with a view to making the industry ultimately independent of imported seed.

7. To assist sugar beet growers and beet sugar manufacturers in approaching His Majesty's Government on questions which affect their interests.

8. To remove all hindrances—legal and otherwise—to the development of the industry, which may be experienced by sugar beet growers and beet sugar users, including manufacturers of biscuits, jams and confectionery.

9. If desired by the parties, to assist in the joint discussion of questions arising between the various interests connected with the sugar beet industry, in such a manner as may contribute to its sound development.

10. To stimulate the growth of sugar beet by making known in agricultural districts the advantages of the beet crop to agriculture and its proved beneficial and economic effect upon the cereal and other crops which follow in the rotation.

11. To stimulate the use by farmers of sugar beet pulp as a food for stock by making known in agricultural districts its proved advantages in increasing the milk yield of dairy cows and improving the weight and physical condition of stock.

12. To stimulate among consumers the use of home-grown sugar in preference to foreign sugar, thereby encouraging arable farming and increased meat and milk

production, and providing new avenues of employment on the land and in the factories.

13. To disseminate authoritative news in respect of the industry through the medium of the public press and the society's Journal.

14. To prepare and publish literature dealing with each technical aspect of the industry.

15. To provide lecturers and agricultural advisers to speak at meetings convened to examine the claims for the establishment of the industry on national grounds.

2.—Fifteen Points in favour of the Establishment of the Sugar Beet Industry.

THE CONSUMER.

1. The present annual consumption of sugar in this country is nearly two million tons. Before the war, 1,300,000 tons of state aided beet sugar were imported from Germany and Austria.

2. The two factories at Kelham (Notts.), and Cantley (Norfolk), produced 6,952 tons of sugar in 1921. In 1922, the Cantley factory produced from both the Kelham and Cantley beets 7,011 tons of sugar. In 1923 both factories were again operating and produced 13,281 tons of sugar. This last year the Cantley, Kelham and Colwick factories have been in operation and about 22,000 tons will have been produced, or about four days of the home requirements.

3. The sugar shortage during the war is well known, and it was aggravated by the fact that none was produced at home. If Germany had not developed the sugar beet industry and thus brought its land into a high condition of cultivation and fertility, it could not have withstood so long the allied blockade.

4. In 1923 the world production of sugar was estimated to be 3,000,000 tons less than the normal world demand which increases with the world population. The British Empire and the home country can together supply all our sugar requirements. Only by being less dependent upon foreign sources can the consumer free himself from the exactions of foreign interests.

5. The Agricultural Policy Sub-Committee of the Reconstruction Committee were asked to consider and report upon the method of effecting an increase in the Home Grown Food Supplies, having regard to the need of such increase in the interest of national security. The Committee, with the Earl of Selborne as Chairman, found that the sugar beet industry was an important factor in the necessary re-organisation of British agriculture. "We believe that it will prove that the introduction of the sugar beet industry will be a contribution of much importance to the increased production of foodstuffs in the United Kingdom."

THE FARMER.

6. It has been established that the sugar beet industry is an agricultural asset of the first importance to the countries in which it flourishes.

7. It has been proved that the weight per acre and the sugar content of beet grown in this country are equal, if not superior, to those of roots grown on the Continent of Europe.

8. Sugar beet is a valuable cleaning crop and increases the yield of all other crops with which it is grown in rotation. In Germany it is estimated to increase the yield of wheat by 15 per cent. By introducing a profitable cleaning crop into the agricultural rotation it lowers the minimum figure at which cereals can be grown. This double advantage, increased yield at less cost per acre, will undoubtedly encourage arable farming.

9. The cultivation of sugar beet supplants no cereal crop, whilst it provides as a by-product of the factory a cattle food capable of competing economically with the production of mangolds and swedes, and which increases the yield of both milk and meat. The tops and leaves left on the field are in themselves equal in feeding value to an equivalent acreage of turnips.

10. With the sugar beet crop the farmer has no anxiety about the fluctuation of prices usually associated with agricultural produce. He grows at a fixed contract price and receives payment on delivery of the roots in the autumn.

THE WAGE-EARNER.

11. It is primarily a rural industry. Labour on the farm is maintained and increased by about ten men for every hundred acres of beet grown. In addition to the permanent staff of chemists, foremen and engineers, about six hundred men are employed at each factory in the winter months when the demand for agricultural labour is at its lowest ebb.

12. A denser rural population is the result, together with a revival of rural life and industry. It was at such times of agricultural depression that the Sugar Beet industry was introduced into European countries and consistently nurtured until firmly established.

13. If only one quarter of the sugar imported in 1922 were produced in this country, about 400,000 acres of beet would be grown. 40,000 additional men would be employed upon the land with a wage bill for thirty weeks of each year amounting to not less than £1,500,000. 30,000 men would also be engaged in the factories on sugar production, whose wages would reach one million sterling each campaign from October to January.

14. In addition to the traffic of over 3,500,000 tons of beet, it would involve traffic of 300,000 tons of coal, 150,000 tons of limestone, and 180,000 tons of dried beet pulp, as well as the sugar. Yet, with the exception of the sugar, this traffic would in no respect displace existing traffic. The rail freights on beets alone would be not less than one million sterling.

15. Subsidiary industries are also set in motion by the building, equipment, and subsequent operation of the sugar factories. The fifty factories required to be built to supply one quarter of this country's sugar requirements would involve capital expenditure of from 15 to 25 millions sterling, of which 10 to 15 millions would be paid directly or indirectly in wages.

3.—The Home Grown Sugar Industry—Attitude of the Liberal Government.

*Statement in the House of Commons by the Chancellor of the Exchequer—
July 29th, 1913.*

MR. LLOYD GEORGE: I shall first of all deal with what fell from my Right Hon. Friend, the member for South Shields, in reference to sugar. He contended very strongly that it is our duty to introduce into the Revenue Bill a Clause whereby we can impose an excise duty upon sugar corresponding to the Customs Duty which is at the present moment levied upon sugar imported into the United Kingdom.

I will give the present attitude of the Government towards this proposition. As the Honourable and learned Gentleman said, these principles were in operation some time in Ireland in reference to another experimental industry, if I may say so, that of tobacco. The Prime Minister laid it down very clearly that so long as an industry was purely in experimental stage, he did not propose to introduce any provisions into any Finance or Revenue Acts which would have the effect of levying an excise duty upon it. That certainly is the case with regard to the industry of beet in Norfolk. During last year the total sugar produced was 2,246 tons, or in all a total of 3,000 tons of what might be dutiable matter under the excise provisions of this Act. I think it is perfectly absurd in the case of this 3,000 tons, in a purely experimental industry, to attempt to put a duty on. It really looks as if we were rushing the taxes; it would strain the principles of Free Trade to do so. I do not regard it as in the slightest degree against the principles of Free Trade. The Prime Minister laid it down that whilst an industry of this kind was in a purely experimental stage it should be left alone. I am therefore prepared to defend it from the point

of view of Free Trade. What I have said is by no means the same as saying that it will be a success. If it is a success I have no doubt it will be developed on a very much larger scale, and then will be the time for the Government to give it their attention.

If it is an industry suitable for the soil and climate I believe we shall be upon equal terms to build up an industry which would be equal to anything that has been done upon the Continent of Europe. It depends entirely as to whether it is suitable or not, and as at the present moment it is in the experimental stage I should be very sorry to interfere with it and I do not think the principles of Free Trade call upon me to do so.

4.—Brief History of the Home Grown Sugar Industry to 1922.

Based upon information furnished by the Society to the Ministry of Agriculture for the purpose of the Government Tribunal of Agricultural Economists, 23rd February, 1923.

It is stated that experiments in sugar beet growing in the United Kingdom were made so far back as 1835. In 1853 a small factory was erected at Mount Mellick, Queen's County, Ireland. It operated only two years. The first factory in England was erected about 1870 at Lavenham, Suffolk, by James Duncan, a London Sugar Refiner. It was a small factory fitted with machinery to extract the juice from the beets and carry out part of the subsequent operations which were completed at Mr. Duncan's Refinery in London. It was not successful. The factory passed into other hands in 1884 and new machinery was installed, but the owners were still unable to make a success of the enterprise.

It was not until 1898 that any substantial interest was again taken in the industry. Two associations, namely, the Central Chamber of Agriculture and the National Sugar Beet Association for many years made determined efforts to enlighten public opinion upon this question and carried out many practical experiments in cultivation. Many experiments were made by the Ministry of Agriculture itself. A Beet Sugar Pioneers Association was also formed in Liverpool which contributed substantially to this work. In due course beet sugar factory schemes began to materialise and make some progress, notably, at Kidderminster, Sleaford, and in Cornwall, all of which fell through from various causes, the principal one being the inability to attract the necessary capital.

Notwithstanding the assistance given by men of business experience, high standing and public spirit, who were animated by the most disinterested motives, no tangible results were achieved. The fact was that the farmer would not grow beet unless he saw a factory in being, and the capitalist would not build a factory unless there was a guarantee of the required acreage of beet. The Government of this period, not being alive to the possibilities of the industry, offered no help to bridge this impasse.

The first modern factory in England was, therefore, that of Cantley in Norfolk, built in 1911 by the Anglo-Netherland Sugar Corporation Ltd. It was the attempt to make use of Dutch sugar experts who were impressed with the possibilities of beet growing in this country and to encourage them to explore these possibilities. No Government assistance was asked for or given. The value of this pioneer work is generally recognised.

In 1913 a society was formed under the auspices of the Development Commissioners to administer a grant of £11,000 from the Development Fund for educational and organizing purposes. The Cantley Factory was unable to obtain a full supply of beets and this society rented from farmers a large area of land in East Anglia, cultivated beet thereon, transported Dutch labour for the cultivation and the harvesting of the crop and sold the beets to the Cantley Factory. There was a loss of £50,000. The Treasury and the Development Commissioners were satisfied, however, that at least the grant of £11,000 could properly be attributed to educational and organizing expenditure. The remainder of the loss was borne by the Cantley Company.

At this stage the Development Commissioners decided that until their Act was altered, which restricted their making grants to bodies trading for a profit, they could not consider further the question of providing state assistance to the new sugar beet industry.

The present society, namely, the British Sugar Beet Society, Limited, initiated and organised by its present Secretary, was registered in 1915 under the Industrial and Provident Societies Acts. It gathered up all that was left of the waning interest of English agriculturists in the new industry.

Its object (entirely different from that of the old society) was to form a company to build a factory, to acquire an estate which should provide the minimum quantity of beets required to keep the factory working, to build the factory on such an estate and to ask the Government directly for a substantial part of the capital required.

The society entered into negotiations for the Kelham Estate, Notts., which they were satisfied was suitable for the purpose, both for a demonstration farm and for a factory. The estate comprised 5,603 acres, of which at a later date the outlying areas comprising 2,769 acres were sold to the Board of Agriculture under the Small-holdings Colonies Acts, 1916-18.

Application was made to the Development Commissioners for the funds required to purchase this estate pending the completion of the factory scheme. The sum of £130,000, the purchase money, was advanced from the Development Fund on mortgage at 5 per cent. interest, conditional on the estate being held by the society in trust for the Treasury for the purpose of a sugar beet scheme. The estate was acquired in 1917. In the meantime the factory scheme was proceeded with and worked out. In the absence of any other available foreign help, in view of the war conditions, the only channel of enquiry was France, and every possible enquiry was made in that country.

The Government was asked to assist this factory scheme. It was suggested (A) that the Government should provide in capital £1 for every £1 raised by the general public, ranking *pari passu*, up to £250,000 or £500,000 in total; (B) that the Government should deny itself any return upon its capital for a period of 10 years; and (c) that it should guarantee a dividend of 5 per cent. for the same period upon the moneys advanced by the public. With this sum of £500,000 the Kelham estate would be taken over from the society and the factory built, while allowing for the necessary working capital for the purchase of beets and their manufacture into sugar.

In 1916 Lord Selborne's Committee was appointed and included the sugar beet question in their enquiries. Evidence was given by Captain Sir Beville Stanier, Bt., M.P., on behalf of the society. Lord Selborne's committee reported favourably upon this scheme.

From this time to 1919 the history of the scheme was one of constant difficulty, disappointment and delay.

Under the war policy of the Government expenditure upon building operations and upon the manufacture of machinery for a sugar factory was not permitted. Every effort was to be concentrated upon the manufacture of munitions of war and the first call on labour was for fighting purposes.

During these war years, in consequence of the cutting off of supplies from Europe, the price of sugar was extremely high. Cuba and Java were the only sources of supply and it can be confidently stated that a factory in England during that period, if it had secured an adequate supply of beet, could have made a profit equal to the cost of the factory itself. The price of free sugar was from 118s. to 120s. per cwt. duty paid.

In the meantime all agricultural activity was devoted to the production of foodstuffs, and this was also the society's policy as regards the Kelham estate, while at the same time preparations were made for the cultivation of sugar beet when the war was over.

Money was required for the carrying on of the farm, which was not available to the society, and it was impossible, on account of the Treasury regulations, to make an appeal to the general public for capital. The Development Commissioners could not advance this working capital, as no mortgageable security could be given

by the society. They advanced, however, the sum of £40,000 to the Board of Agriculture, on the understanding that they took over the management of the estate through a committee of the Board, on which the society's committee was also represented.

The loans from the Development Fund for the purchase of the Estate and for the farming capital were repaid in full when Home Grown Sugar Limited, was formed.

In the meantime the factory scheme was accepted by the Cabinet, and this decision was communicated to the society on the 8th February, 1919.

During the same year, largely as the result of the activities of the British Empire Producers' Organization, a preference was given upon Empire sugar of one-sixth the existing duty of £25 13s. 4d., per ton, or a preference of £4 5s. 6½d. per ton of sugar, and the home industry which formerly had a preference of £2 6s. 8d. per ton—this being the difference between the Customs and the Excise Duties—was given in the same Finance Act a rebate of one-sixth off the Excise Duty of £23 6s. 8d., a further £3 17s. 9½d., giving an advantage of £6 4s. 5½d. over imported foreign sugar or approximately one-fourth the duty. This, however, reduced the preference to the home industry as against Empire sugars from £2 6s. 8d. to £1 18s. 10½d.

The society's committee were then exercised in their minds as to whether, after this protracted period, the £500,000 capital required for their scheme would be sufficient. Prices of buildings and machinery had risen considerably since 1915, and though the normal post-war prices were expected to be lower, they could not fall to the pre-war basis, and it was part of the undertaking that the factory should be built in 1920-21, for the first sugar beet crop and the first manufacturing season in 1921. It was never anticipated at that time that prices would rise to the boom prices actually experienced in those years, which are attributed to the housing policy of the Government and the demands of labour during that period. It is, however, due to the society that difficulties in these directions were anticipated and efforts were made to meet the possible new situation.

The Cantley factory had been closed since 1915, and, so far as the society knew, would not be re-opened by its Dutch owners.

Negotiations were, therefore, opened for its purchase, and the offer of an option was secured. The Government, however, refused to allow the society to purchase the Cantley factory and thus to postpone the building of the Kelham factory to a later date when prices for materials and labour should have become normal under post-war conditions. The Government contended that the Cantley factory was not a new factory and was thought to be out-of-date. Moreover, the Government could not provide the additional capital at a later date to build the Kelham factory.

Home Grown Sugar, Ltd., was formed on February 13th, 1920; the prospectus was issued the following month, the remaining portion of the public capital having been underwritten. The delays in carrying through the arrangements with the Government made it essential not to delay the prospectus beyond the beginning of 1920 or the factory could not be built in time for the 1921 campaign. The contract for the machinery had to be placed in March of 1920 or it would be too late.

Advertisements were placed in the press inviting tenders for the machinery from English firms. Only one English company sent in an estimate for the whole factory. The other estimate was from the Cie de Fives Lille of Lille and Givors, France, which was accepted by the directors of the company, not only on the ground that this Company had had experience in manufacturing beet sugar machinery, but because their estimate, having regard to the rate of exchange, was very much lower than the English quotation. This was announced in parliament at the time.

In 1921 it was found that the capital of the company was insufficient to complete the building of the factory and £75,000 was found privately on first mortgage and £125,000 was advanced by the Government on second mortgage. The factory was hardly ready in time to deal with the 25,000 tons of beet grown that year, and the 1921 campaign, the first manufacturing campaign at Kelham, had disastrous results, the net adverse balance shown by the balance sheet for that year being £103,509.

Before the manufacturing season was finished it was found that the working capital was exhausted and £40,000 was required to meet the last payment to the farmers for their beets. This was advanced by the bank on mortgage, guaranteed by the chairman, Sir Ernest Jardine, Bt., the Government agreeing to its taking precedence over their own mortgage.

Also in the course of the campaign the directors of Home Grown Sugar, Ltd., asked the Government to allow them to raise £200,000 from private sources to repay the £40,000 already advanced, to extinguish past losses and provide new working capital, and that the advance should rank before the Government mortgage. At the same time the Government were asked to remit the Excise Duty without which further progress was impossible.

As much as £123,000 was paid by both factories that year in Excise Duty, the Cantley factory having been re-opened in 1920 after a large sum of money had been spent by the owners on the re-organisation and improvement of the machinery.

The Chancellor of the Exchequer referred the matter to a Committee of Enquiry consisting of a representative of the Treasury, a representative of the Ministry of Agriculture, with an independent chairman who was an accountant. They reported unfavourably upon the application, having regard to the fact that the scheme could show no favourable results, taking into account the existing Excise Duty and a sugar extraction of 10 per cent. and they pointed out that the remission of the Excise Duty was a matter outside their terms of reference. It should be noted that since the findings of this committee the Cantley factory has secured an average sugar extraction of over 13 per cent.

Following this decision, the policy of the directors was to preserve the assets and await events, with the hope of avoiding liquidation which would mean the loss not only of the public and Government capital, but of the dividend guaranteed upon the public shares on certain conditions until April, 1930.

The Cantley company had also had an adverse experience during the same year (1921) which they attributed to the amounts paid in Excise Duty and the difficulty in securing a full supply of beets. They also came independently to the decision that unless the Excise Duty was remitted their factory must be permanently closed.

At this stage the society intervened, and concentrated upon the question of the remission of Excise Duty in the interests of the industry.

The Agricultural Committee of the House of Commons, the Central Chamber of Agriculture, the National Farmers' Union, and leading agriculturists and public men supported this agitation. The result was that the Cabinet decided to ask parliament to remit the Excise Duty and though parliament could not commit itself for more than one year, it was definitely announced that it was with the intention that this advantage should be continued until the industry was firmly established. The Minister of Agriculture announced this decision in parliament (in anticipation of the Budget) on March 30th, 1922, and it was eventually confirmed by parliament in the Finance Act of the year.

This prompt announcement enabled the two sugar companies, under a working arrangement, to offer contracts for beet—though late in the season—and 8,000 acres were contracted for—a record in this country to that date.

It was at this time that the farmers through the National Farmers' Union, added their influence in no small measure to the efforts of the pioneers in this new industry. In 1922 the society formulated the scheme of growers' representatives at the factories to verify the weights, tares and sugar contents of beets delivered, upon which the beet price was based, and the Union assisted in its administration. Ultimately the scheme was taken over from the Society by them as the body responsible for the protection of the interests of growers in their commercial relations with the manufacturers, and a Sugar Beet Committee of the Union was created for the purpose. From this time they have added the weight of their influence to the efforts being made for the industry's establishment and development.

The following table illustrates the operations of the factories of Cantley and Kelham to the present day :—

	Beets Worked.	Average Sugar Content.	White Sugar Produced.	Dried Pulp Produced.
	Tons.		Tons.	Tons.
CANTLEY—				
1912	20,976	17.82	2,210	1,599
1913	31,410	15.79	3,298	3,029
1914	11,817	16.57	1,278	1,218
1915	17,194	17.36	1,891	1,795
1916-19 Closed	—	—	—	—
1920	19,334	16.23	1,870	1,766
1921	40,623	15.68	4,802	3,395
1922	52,993	16.64	7,011	4,580
1923	67,960	15.75	8,957	4,959
1924	104,813	16.74	13,887	4,381
KELHAM—				
1921	24,356	15.90	2,150	1,317
1922 Closed	—	—	—	—
1923	34,130	16.24	4,324	2,017
1924	45,446	16.74	6,068	2,433

5.—Lord Selborne's Report.

Extract from the Report of the Agricultural Policy Sub-Committee of the Reconstruction Committee appointed by the Prime Minister (the Rt. Hon. H. H. Asquith, M.P.) to consider and report upon the methods of effecting an increase in the Home-grown Food Supplies, having regard to the need of such increase in the interest of National Security—January 30th, 1917.

64. Before concluding this part of our Report, we wish to make certain recommendations in respect of the introduction of the sugar beet industry into the United Kingdom. For several years the possibility of developing the agricultural resources of this country by introducing the sugar beet industry into England and Wales has been under consideration by agriculturists and the Government Departments concerned. We believe that the advantages to be derived from its successful establishment would be very important. The nation, by producing a proportion of its own requirements of sugar, would reduce its dependence on imported supplies from Germany and Austria, from which countries, in the three years before the War, 1911-13, we received 53 per cent. of our total imports of sugar. The rural community would be benefited and augmented by the provision of employment in sugar factories in the winter months and of additional work on the land in the summer. Agriculture would gain by the introduction of a new crop, which yields a satisfactory cash return to the farmer and leaves a residue which is a valuable cattle food. Moreover, wherever beet was grown, the deep tillage and improved cultivation necessary for its success would prove of immense benefit to the other crops in the rotation as well as an object lesson to the country in good farming. Of all these statements there is abundant evidence from Continental sources (*e.g.*, "The Recent Development of German Agriculture" [Cd. 8305], p. 38).

65. Before the beet industry can become the object of private enterprise, it would be necessary to ascertain by experiment an answer to two questions, namely: Can sugar beet be grown successfully in this country? and, secondly, can sugar be manufactured from home-grown beet at a profit after paying an adequate price to the grower? The first of these questions has for some years passed beyond the

experimental stage. Many trials in cultivation have been made, and it is generally agreed that sugar beet can be grown successfully in many districts of England and Wales. The Board of Agriculture and Fisheries, for example, in reporting on experiments arranged in 1911 at seven centres in England, stated: "There is no question that beet with a high sugar content can be grown in this country and give yields equalling, if not exceeding those obtained on the Continent."

66. Since that date various efforts have been made with a view to testing the possibility of manufacturing sugar in this country at a profit, and we wish specially to mention the beet sugar factory which is in actual existence at Cantley in Norfolk. British agriculturists owe a debt of gratitude to the men who have borne the burthen of the pioneer work done at Cantley, and a tribute of admiration for the pluck with which they met the unforeseen difficulties caused by the War, until the refusal of the Dutch Government to allow the export of seed brought their operations to a temporary conclusion. Nevertheless, we do not think that an experiment on an adequate scale has yet been made. Up to the present the Government has been hampered in providing financial assistance towards the erection of a sugar beet factory (or in guaranteeing a company against loss) by two considerations. In the first place, the Brussels Sugar Convention limited the extent to which Government assistance could be given to the industry by pledging adhering States not to give bounties on the export of sugar, which the Board of Trade considered included the payment of grants to assist the manufacture of home-grown sugar, of which some might be exported. His Majesty's Government withdrew from the Brussels Sugar Convention as from 1st September, 1913. Although at that time they expressed continued adherence to the fundamental principles of the Convention, they reserved to themselves power, by giving six months' notice, to adopt any measures they thought fit to promote the establishment of the sugar beet industry. The second difficulty has been the limitation imposed on the Development Commissioners by the Development and Road Improvement Funds Act, 1909, to recommend advances only to associations not trading for profit. Probably one of the best ways in which the required experiment could be carried out under commercial conditions would be for the Government to undertake to share (or to guarantee) any loss, up to a specified amount, which might be sustained by a company aiming at making a profit for its shareholders. Such a scheme cannot at present, however, be aided from the Development Fund. To surmount this obstacle, we recommend that either the Development and Road Improvement Funds Act should be amended in this respect, or that the Government should provide the necessary assistance from sources not subject to the same restrictions as the Development Fund.

67. A Society, entitled the British Sugar Beet Society, Limited, has recently applied to the Treasury for a grant from the Development Fund to enable it to purchase an estate of about 5,000 acres with a view to the erection of a factory and the cultivation on its own land of a sufficient acreage of beet to produce the minimum amount of roots required to work the factory economically. Captain Beville Stanier, M.P., the Chairman of the Society, in his evidence before us, stated that the capital required to purchase the estate, erect and equip the factory, etc., would be £500,000, of which he hoped that the Government would agree to contribute one-half, to be repaid, if required, at the end of ten years, during which period the State would be asked to guarantee interest on the remaining capital raised from private individuals. The State would also be asked to undertake to continue during the initial period of ten years the present surtax, that is, the difference between the Customs duty on imported sugar and the Excise duty on home-grown sugar, which at the present time amounts to 2s. 4d. per cwt. We believe this scheme to have been thought out with great care and to be a sound one, but as it is now under the consideration of the Government we do not express any opinion upon its details. We desire, however, to place on record our opinion that before the industry can be established it is necessary to ascertain (a) the price which a factory could afford to give for roots; (b) whether that price will be sufficient to induce the farmer to substitute beet for a portion of his present root crop, and (c) how far beet growing can be introduced into the systems of farming at present carried on in this country. These questions can only be settled

by an experiment on a commercial scale, but we are of opinion that the best method of conducting such an experiment will be by the institution of a large farm under the same control as the factory.

68. In view of the great importance which we attach to the establishment of the beet industry, we urge the Government to arrange without further delay for a complete test of the commercial possibilities of manufacturing sugar from home-grown beet. We hope that this test will prove that a considerable proportion of the sugar we consume can be grown in the United Kingdom, and that the introduction of the beet crop into the rotation will increase the yield of the other crops. In short, we believe that it will prove that the introduction of the sugar beet industry will be a contribution of much importance to the increased production of foodstuffs in the United Kingdom.

Signatories to this Report:—SELBORNE, CHARLES BATHURST, CHARLES DOUGLAS, AILWYN FELLOWES, W. FITZHERBERT BROCKHOLES, A. D. HALL, WILLIAM A. HAVILAND, C. BRYNER JONES, DENIS KELLY, HORACE PLUNKETT, ROWLAND E. PROTHERO, G. G. REA, GEO. H. ROBERTS and EDWARD G. STRUTT.

6.—Completion of the Kelham Factory, 1921.

Editorial Note from the Special Number of the Society's Journal.

The British Sugar Beet Society bought and developed the Kelham estate with advances from the Development Fund, and worked out the details of their farm and factory scheme. They then formed the public Company "Home Grown Sugar, Limited," in which the Government and the general public hold equal shares, and repaid the loans from the Development Fund and from their members.

Home Grown Sugar, Limited, has now built the factory, equipped it with the best possible machinery and expert personnel, and now commences its first sugar-making campaign. For this 425 farmers have grown and are delivering 20,000 tons of beet, the maximum quantity the factory could safely take for the initial test of the machinery and for the training of English labour.

In no other country where the beet sugar industry has been introduced has it failed to be commercially successful. Britain cannot be the exception. This factory therefore cannot, we believe, fail to fulfil its object, provided that the lessons taught by experience are patiently learnt, and the problems under British conditions soundly tackled and overcome by farmer and factory in a generous spirit of co-operation.

Having regard to the object in view, namely, the establishment of an industry of far-reaching effect upon agriculture, this attempt is a small one. To meet the country's requirements in sugar, 200 Kelham factories would be needed.

Contrast this with the manner in which Napoleon I. introduced the industry into Europe. In 1811 he issued a decree appropriating £40,000 for the establishment of six technical beet-sugar schools. In 1812 he issued a further decree providing that 100 students should be transferred to these schools from the schools of medicine, pharmacy and chemistry, and that 150,000 acres be sown to beets; that financial inducements be extended to scientists to perfect the process of extraction and to capitalists engaged in the manufacture, and for the immediate erection of four imperial beet-sugar factories. He also wrote to his Minister of the Interior "The minister will also advise the cultivators that the growing of beet roots improves the soil, and that the residue of the fabrication furnishes an excellent food for cattle."

And this because, in the words of Truman Palmer (in a Report presented by Mr. Smoot to the American Senate) "Napoleon Bonaparte's chemists and economists, after ten years of scientific research, became convinced that by growing sugar-beets on a field one year in four the fertility of the soil thereby was so greatly increased that the combined yield of other crops on the same soil during the next three years was greater than formerly it had been for four years, and it remained for Napoleon himself to grasp the tremendous significance of a discovery which could be made to

serve the double purpose of solving the nation's food supply problem and freeing it from dependence on Great Britain."

Mr. Palmer continues: "European economists observed that following beets the roots of cereal crops which theretofore had drawn nutriment from but 3 to 4 inches of soil now followed the interstices left by the millions of decaying beet rootlets, which were broken off when the beets were dug, and by drawing nutriment from double the depth of soil they doubled their soil productivity without increasing their acreage."

7.—The Society's Pioneer Work.

Letter to the Society from the Minister of Agriculture (Lt.-Col. Sir Arthur Griffith-Boscawen, M.P.) on September 24th, 1921.

Will you kindly convey to your Committee and Members my sense of appreciation of their pioneer work during six difficult years in formulating and setting on foot the sugar beet scheme which is now being carried into effect by Home Grown Sugar, Limited. Whatever the results may be of this experiment in which the State is now a large investor, it can reasonably be said that but for the society it is doubtful whether so important a scheme in which the whole nation, as tax-payer, is involved, would have reached its present practical stages.

I note that your membership roll includes some of the leading exponents of agricultural policy, and that the society is continuing its existence, not only to assist in the sound development of the infant industry, but also to educate the British public in general, and the British farmer in particular, in those benefits which foreign beet-growing countries have amply proved for themselves. May I suggest that emphasis should constantly be laid upon these agricultural advantages, namely, the effect of the beet crop upon arable farming, the profitable employment of labour, and the value of the by-products for stock-rearing. These depend upon the provision of a factory as a market for the beet, and for the extraction of the sugar therefrom. Agricultural and industrial life in this country are strangely divorced, but in the sugar beet industry in field and factory they are peculiarly linked, with, in consequence, an exhilarating and permanent effect upon rural life. These advantages are greater in degree of importance, in my opinion, than that of producing at home part of the great quantity of sugar which our people consume.

For these reasons I sincerely hope that your society will develop upon the broadest possible basis and attract within its circle of membership not only those truly representative of British agriculture but of all sections of commercial and industrial enterprise.

8.—Home Grown Sugar, Ltd.—Results of the First Season at the Kelham Beet Sugar Factory.

Extract from the Speech of the Chairman (Sir Ernest Jardine, Bt.) at the Annual Meeting of the Company, June 28th, 1922.

It is no doubt the expectation of shareholders that I shall take the opportunity of explaining in more detail the causes which have contributed to the net deficiency of £103, 509 as shown in the audited accounts. Members may remember that in my speech at the annual meeting on June 8th of last year, when our first crop had been sown, and the factory was being rapidly completed for the first campaign, I referred to the fall in the world price of sugar, which had already begun. I remarked, however, that the prevailing price was still well above the price estimated in the prospectus, namely, £50 per ton duty paid. This satisfaction, however, was short-lived because from the very beginning of our selling season the price of sugar was below the prospectus figure, and this misfortune was intensified by the not unexpected fact that our best production was only obtained by a gradual improvement in the quality of

the output as the labour employed responded to the training of the expert French personnel. This accounts for £50,000 of the deficiency of £77,107 on manufacturing account. Our beet price of £4 per ton delivered at the factory was fixed in the late autumn of 1920 when high prices for agricultural produce were ruling. Being the first year, the offer to growers who at that time had had no experience in the crop, had to be made earlier than will be necessary in future years, and as prices were still soaring, it was necessary to make certain that the enterprising farmer upon whom the industry so much depended, should not suffer losses through the inexperience and risks in connection with a new crop. The proof of this lies in the fact that this year's beet crop has been secured at the cost of approximately 40s. per ton delivered at the factory. If in addition to the £50,000 referred to above, the excise duty of £40,188 had not been levied, there would have been a manufacturing profit of £13,000, without taking into account the additional income which a normal rate of extraction would have given, and which we should expect to gain in the future.

These facts are given to show that if the accounts of the past year had not been affected by abnormal variations in values, but had simply suffered from the uneconomic incidence of expenditure arising through inexperience, untrained labour, and moderate rate of output, the result would have been a loss for the first year equivalent to the excise duty paid, after providing for depreciation but not for interest on capital. If no excise duty had been levied, there would have been no shrinkage of capital, and the call upon the Government guarantee of dividend upon shares would have been only of a temporary character. The fact that beet was worked equal to half the capacity of the factory only, in itself allows of a future saving in manufacturing and establishment charges in addition to the certain large economies in production in future years, as compared with the first year, and the increased income from a greater percentage of sugar extraction to which I have already referred. The Directors feel that the results of the first year's productive operations are no fair guide to the possibilities of the industry.

A matter of deep concern, however, is that this deficiency, combined with the additional cost of the factory, has depleted the Company's working capital. It was at first thought possible to raise additional capital of £200,000, if security could be offered, ranking in priority to the Government second mortgage of £125,000, but with the exception of £40,000 advanced by the bankers to enable the Company to meet the final payments to farmers for their beet, the Government could not at the time see its way to accede to the Board's request. It is only fair to say that the application was rendered the more difficult to accept as it was accompanied by a statement of opinion by the Directors that in order to conduct the campaigns of the immediate future without loss, the excise duty should be remitted, and this was only possible by the express consent of Parliament in the Finance Act of the year.

9.—The Home Grown Sugar Industry—Attitude of the Coalition Government.

Extract from the Society's Eighth Annual Report.

It will be remembered that the Chief Guest at the Annual Luncheon on February 21st, 1922, the Rt. Hon. Viscount Milner, K.G., K.C.M.G., publicly expressed the view on behalf of this infant industry, that the Excise Duty on home grown sugar should be remitted. In the course of his speech he said :—

“If you are going to appeal to the Government for further help, ask boldly for the remission of the duty altogether. Ask for the remission of the duty altogether for a certain period of time—long enough to give the experiment a really fair and conclusive trial. I cannot imagine why the Excise Duty was imposed on it at all; it was much too early to impose an Excise Duty on it if the thing was to be fairly tried. . . . Of course, giving up Excise Duty for a number of years involves loss to the Exchequer; it is equivalent to a subsidy. The question is whether for an object of this importance a subsidy which after

all is not a very large one, is not worth making, in order to give time to give the experiment a chance. I have no doubt at all that the giving of a subsidy can be completely justified, and it is not all loss ; even what the Exchequer gives up for a few years is not all loss. There are very great compensating advantages. It is a great help to agriculture ; it tends to improve agricultural profits, from which the State also derives benefit, and it gives employment ; it means a great deal of extra employment in agricultural districts, a matter of the greatest importance at the present time. It is a subsidy. All subsidies are objectionable, but I would rather subsidise work than subsidise idleness. That is really the alternative. . . . I think that on national grounds you have a strong case, and I earnestly hope your appeal may be successful."

On February 28th, 1922, a letter was addressed to the Prime Minister, the Rt Hon. David Lloyd George, O.M., M.P., asking for a deputation to be received to state the Society's case. It was signed by the Rt. Hon. the Earl of Denbigh, C.V.O.; Viscount Milner, K.G., K.C.M.G.; Hon. E. G. Strutt, C.H.; Mr. George Edwards M.P.; Mr. J. Donaldson (President National Farmers' Union); Lord Ailwyn, K.C.V.O. K.B.E.; Rt. Hon. Geo. H. Roberts, M.P.; Viscount Ullswater, G.C.B. and Mr Alfred Wood (Secretary).

On the 21st March, 1922, a deputation was received by the Chancellor of the Exchequer, the Rt. Hon. Sir Robert Horne, G.B.E., K.C., M.P., and the Minister of Agriculture, the Rt. Hon. Sir Arthur-Griffith Boscawen, M.P.

The Deputation was constituted as follows, and as will be noted was representative of all interests :—

Capt. The Hon. E. A. FITZROY, M.P.	}	Representing the Agricultural Committee of the House of Commons.
Capt. The Rt. Hon. E. G. PRETYMAN, M.P.		
Lt.-Col. E. ROYDS, M.P.		
Capt. J. R. STARKEY, M.P.	}	Representing the British Sugar Beet Society, Ltd.
Mr. M. G. TOWNLEY, M.P.		
The Rt. Hon. The EARL OF DENBIGH, C.V.O.		
The Rt. Hon. LORD AILWYN, K.C.V.O., K.C.B.	}	Representing Home Grown Sugar. Limited.
Capt. COLIN COOTE, M.P.		
Mr. GEORGE EDWARDS, M.P.		
Mr. V. A. MALCOLMSON.	}	Representing the English Beet Sugar Corporation, Ltd.
Mr. ALFRED WOOD.		
Lt.-Col. G. L. COURTHOPE, M.C., M.P.		
The Rt. Hon. G. H. ROBERTS, M.P.	}	Representing the Central and Associated Chambers of Agriculture.
The Hon. EDWARD G. STRUTT, C.H.		
Mr. E. H. GILPIN.		
Mr. J. CROSLAND GRAHAM.	}	Representing the National Farmers' Union.
Dr. A. WIJNBERG.		
Mr. JAMES FALCONER.		
Sir EDWARD PACKARD.	}	Representing the Royal Agricultural Society of England.
Mr. D. J. COLEMAN.		
Mr. H. L. GETHIN.		
Mr. C. NEVILE.	}	
Mr. J. L. LUDDINGTON.		

This deputation followed a meeting of the Agricultural Committee of the House of Commons, on March 8th, which was addressed on the subject at their request by the Earl of Denbigh, the President of the Society.

At this Meeting the following Resolution was passed and conveyed to the Government :—

“That in view of the national importance of continuing the sugar beet Industry in this country, the committee urges the Government to do everything

possible to prevent the closing of the factories at Kelham and Cantley and to give its support to a policy of exempting home grown sugar from Excise Duty until the experimental stage has been passed in order to enable the industry to become established."

The announcement of the favourable decision of the Government was made in the House of Commons by the Minister of Agriculture, on March 30th, 1922, as follows :—

Lieut.-Colonel COURTHOPE asked the Minister of Agriculture whether the Government have yet come to a decision on the proposal, placed before the Chancellor of the Exchequer recently by a large and representative deputation, to grant a temporary remission of the Excise Duty on home grown sugar in order to assist the establishment of the sugar beet industry in this country.

THE MINISTER OF AGRICULTURE : Yes, Sir. The Government have decided that, in view of the exceptional circumstances of this new industry, and the condition of unemployment in this country, no Excise Duty should be charged on home grown sugar, and the necessary provision for the removal of the existing Duty will be made in the Finance Bill of this Session. It is, of course, impossible to bind any future Government, but, in view of the fact that the remission of Excise is intended to assist a new industry during the experimental period, it may be hoped that Parliament would not re-impose any Excise Duty until the industry has been firmly established.

This enabled both the sugar companies, namely, Home Grown Sugar, Ltd. (Kelham, Notts.) and the English Beet Sugar Corporation, Ltd. (Cantley, Norfolk), to offer beet contracts last year to the growers which otherwise would not have been possible.

The decision of the Government was confirmed by the House of Commons when the subject was debated in Committee on June 20th, the division showing a majority in favour of the Government of 194 votes.

10.—The English Beet Sugar Corporation Limited—Results of the First Profitable Season at the Cantley Beet Sugar Factory.

Extract from the Speech of the Chairman (Mr. J. Crosland Graham) at the Annual Meeting of the Company on October 23rd, 1923.

I take this opportunity of saying publicly how splendidly Mr. Van Rossum has stood by the Company, both in the early stages when the risks were incalculable, and subsequently when heavy losses were made and the future seemed almost hopeless. Mr. Van Rossum has all along invited the co-operation of British capitalists, but the response has been small, the consequence being that he has been left to undertake an immense financial burden almost single-handed.

THE YEAR'S RESULTS.

Turning now to the profit and loss account, it will be seen that the net profit for the year is £103,981. Deducting this sum from previous accumulated losses of £118,940, there is still a debit on profit and loss account of £14,958. We shall hope to wipe this off in the current year, also to reduce, or, better still perhaps, to extinguish the £20,952 which stands in the balance-sheet under the heading of maintenance account, administration and interest charges to March 31st, 1920. This item at present is held in suspense on the asset side of the accounts, but obviously it is not an asset, and it must be written off out of future earnings.

As there is still a debit on profit and loss account, we cannot, of course, pay any dividend in respect of last year on the Ordinary shares, nor do we recommend a dividend on the Cumulative Preference shares. The Debenture-holders, however, will receive the benefit of an additional 2½ per cent. interest under the terms of the debenture trust deed, which will be paid to them on November 1st next, as announced in the annual report.

PROFITS IN RELATION TO CAPITAL.

I ought to remind you at this stage that the profits earned last year bear very little relationship to the capital of the Company as now constituted. The balance-sheet shows that the capital consists of 100,000 Ordinary shares of £1 each and 40,000 Preference shares of £1 each, to which we must add the outstanding 5 per cent. First Mortgage Profit-sharing Debentures for £83,900. The Preference shares were issued at a premium of 5s. per share, and the total capital in the business, according to the accounts, therefore amounts to £233,900.

I need hardly remind anyone in this room that £233,900 does not represent anything like the amount of money actually sunk in this business. It is common knowledge that our predecessors, the Anglo-Netherland Sugar Corporation, Limited, lost a very large sum in setting up and developing the beet sugar industry in this country, and the loss thus incurred was in effect written off in 1916, when that corporation surrendered its Dutch investments in settlement of debts contracted, and at the same time transferred to the English Beet Sugar Corporation, Limited, the English assets, free of all liability, and a contract under which 40,000 Preference shares were to be subscribed for at 25s. per share. This re-organization, or re-construction as it may properly be called, implied a reduction of share capital on the one hand and a corresponding reduction of the book value of fixed assets on the other. It is for this reason that I say the profits earned last year bear very little relationship to the capital of the Company as now constituted.

DEVELOPMENT AND FACTORY EXPENDITURE.

As a matter of fact the Anglo-Netherland Sugar Corporation, Limited, expended approximately £455,000 on the construction and equipment of the Cantley factory and in developing the beet sugar business in England, and the English Beet Sugar Corporation, Limited, has devoted about £220,000 to the same purposes. These sums alone represent £675,000, and to them you must add working capital and the value of consumable stocks to arrive at the true basis on which our profits last year were earned. And I would remind you that the Anglo-Netherland Sugar Corporation, Limited, commenced its career as long ago as 1912, and from that time down to the present no dividend on the Ordinary or Preference shares has been paid.

PROGRESS AT THE CANTLEY FACTORY.

Gentlemen, I have endeavoured to show that this industry should be encouraged in the national interest. It ought to be a most important one and I hope and believe it will be, but at least two conditions are essential for success. The first is that the Government must continue its assistance until, as in other countries, the industry is firmly established, and the second is that British beet sugar manufacturers must avail themselves of foreign technical assistance until such time as British technicians have thoroughly mastered the various processes of beet sugar production. In the case of the Cantley factory, great progress has been made in this direction; that progress may be measured by the fact that whereas in the early days of the industry we had to bring over from the Continent two hundred operatives each campaign, we now bring over only ten.

NOTE.—The Anglo-Netherland Beet Sugar Corporation Ltd., which built the factory at Cantley, incurred losses during the seasons 1912-15 inclusive, of £254,364. The reconstructed company, namely, The English Beet Sugar Corporation, Ltd., did not re-open the factory until 1920. It incurred losses during the seasons 1920-1921 of £145,892, and profits during the seasons 1922-1923 (the period of remission of Excise Duty) of £237,374. During the whole period (12 years) the net deficiency upon working and maintenance was £162,882, after charging interest on debentures and depreciation for two years only. No dividends on share capital have been paid. No account is taken in the above figures of losses through writing down of assets on reconstruction in 1916 by £212,304, or of the sum of £98,982 received by the first Company on foreign guarantees.

11.—Reconstruction of Home Grown Sugar, Ltd.

Extract from the Statement of the Directors to the Shareholders as to the Financial Position and Future Prospects of the Company—March 5th, 1923.

Directors :—Sir Ernest Jardine, Bt., Chairman, Col. G. L. Courthope, M.C., M.P., Lt.-Col. Viscount Fielding, C.M.G., D.S.O., J. Mason, Rt. Hon. Geo. H. Roberts, P.C., Hon. Edward G. Strutt, C.H., Sir James Martin (Financial Representative of the Government.)

REMISSION OF THE EXCISE DUTY.

For many years, through successive Ministers of Agriculture, the British Government have shown every encouragement and sympathy to the home-grown sugar industry. They have recently withdrawn the Excise Duty, with the approval of Parliament.

This significant action by the state alters the whole position and prospects of the industry during its struggling stages of infancy. The industry has now secured, for the first time, the opportunity in this country that it has had from the beginning in every country into which it has been introduced.

Advantage of this concession can only be taken, however, if sugar is produced in the future. There is no return of the large amounts paid under past taxation.

The Directors regret that the financial position of the Company made it impossible to work the factory in 1922. An arrangement was, however, made with The English Beet Sugar Corporation, Limited, to work the beets from the Kelham Growers at its factory at Cantley. This enabled Home-Grown Sugar, Ltd., to offer a beet contract to its growers, which was assigned to the Cantley Company.

The Directors place great value upon the spirit of co-operation now existing between the two Sugar Companies, which has resulted in many practical steps being taken to the mutual benefit. An identical beet contract was offered, a provisional agreement for amalgamation entered into, and frequent and frank consultations on matters of common policy have taken place between the Directors of both Companies.

The Directors are glad to inform the Shareholders that in the meantime the Cantley Company has proved, for the first time in England, that, under these new conditions, beets can be manufactured into sugar at a profit, because they have at last succeeded in securing from home-grown beet this last year the same sugar extraction which is normal in foreign countries, viz., 12 per cent. to 13 per cent. of the weight of the beets worked, in white granulated sugar of a standard quality.

FUTURE POLICY.

The Directors therefore arrived at the conclusion that it was in the interests of the Shareholders to consider proposals which would enable the scheme of Home-Grown Sugar, Limited, to be started entirely afresh under the new conditions.

This, in their opinion, allowed for the only opportunity of saving any part of the money spent upon the scheme by the public Shareholders and the Government, and any part of the Government Guarantee.

This policy, they decided, involved the following :—

- (a) Such extensions and improvements to the Kelham Factory which independent foreign experts regarded as necessary ;
- (b) An independent expert valuation, at present prices of material and labour, of the factory and other properties of the Company, and the reduction of the Share Capital to such an amount as would be in conformity with the new valuations, including the entire extinction of past losses ;
- (c) The furnishing of the necessary new Capital to continue as a going concern ;
- (d) To join forces definitely with those who have proved that they possess the technical knowledge, ability and trained staff.

With the consent of the Government they have given effect to this policy, and the Shareholders are invited to approve their action.

REDUCTION OF CAPITAL AND THE GOVERNMENT GUARANTEE.

The Directors have undertaken, as a condition of the Government's consent to these new arrangements, to call the necessary meetings of Shareholders to confirm the Reduction of Capital.

The new valuations, which have been accepted by the Government for the purpose, amount in total to £422,234 after writing off a further £50,000, the amount required to be spent on the factory as stated above. This is a reduction of the cost value by approximately £250,000.

The Shareholders (including the Government) are invited to agree by Special Resolution to the reduction of the nominal value of the 500,000 Shares of £1 each, fully paid, to 5s. per Share, fully paid, being a reduction of the nominal value of the Share Capital by £375,000. This will write off the deficiency of £364,085, leaving a credit balance to Reserve Fund of £10,915.

After April 1st, 1923, the Government Guarantee of Dividend will be calculated on the reduced nominal value of the Shares only.

INDICATIONS OF FUTURE SUCCESS.

The Directors have dealt frankly with the Shareholders in placing the unpalatable facts of the past before them. They are entitled also to emphasize the favourable facts which have now been established.

Good beet is being produced in this country, year by year, in bulk quantities, and at an ever-increasing rate, both in the number of acres, and the number of experienced growers. Last year 8,000 acres were grown, a record for this country. This year 15,000 acres will be grown. The farmers have learnt the value of the crop in the agricultural rotation. They are now ready to grow regularly and at a fair price.

The home-grown beet has contained a percentage of sugar at least equal to that of foreign beet. High quality sugar has been produced therefrom and sold readily in the market in competition with imported sugar. The more mature practical experience of Cantley has demonstrated that sugar extraction as high as in foreign countries is not only possible but may be regularly looked for from year to year, after a few years of experience and training of labour.

The industry therefore, enters upon a new phase of effort under conditions which were not before possible.

NOTE.—In 1923 a net profit of £8,831 was made, after payment of £19,852 in mortgage interest and allowing £20,872 for depreciation. This enabled the Company to pay a dividend of 5 per cent. upon the reduced share capital without recourse to the Government guarantee.

12.—The Home Grown Sugar Industry—Attitude of the Conservative Government.

Extract from the Society's Ninth Annual Report.

It will be remembered that Sir Francis Floud, K.C.B., the Chief Guest at the last Annual Luncheon on April 11th, 1923, representing the Minister of Agriculture (Sir Robert Sanders, M.P.) publicly expressed the Ministry's attitude towards the sugar beet industry.

“What are the main reasons why the Government and the Ministry of Agriculture have attempted to support this movement? From the agricultural point of view I believe there are few things which can be of greater assistance in helping to maintain the arable area of this country than a large extension of the growing of sugar beet. We all know that the root crop in the farmer's rotation is an expensive one, and often not a very remunerative one, and if it is possible to substitute for the ordinary root crops a crop like sugar beet, which can be grown under contract and which can, at any rate, bring the farmer a certain return in money, I believe we shall have done a great deal to assist the movement for maintaining and increasing the arable area of this country. In addition to that there are other important agricultural benefits to be derived from an extension of beet growing in this country. We know the benefit there is to the successive crops in the rotation. I believe it is common knowledge that in other countries where this crop is more largely grown than it is here, it is estimated that an increase of from 10 to 15 per cent. is secured in the corn crop as a result of the

sugar beet which precedes it in the rotation. Further, we have the benefit which should be derived from the residues after the manufacture of the beet into sugar. Finally, and not least important in these days, is the effect that a large extension of beet growing in this country would have on employment. It is an industry which provides a considerable amount of employment during the winter. It is an industry which requires additional labour on the farms for the cultivation of the crop. For these reasons alone it is one which should commend itself very warmly to all those who have the best interests of the country at heart.

So far as the Ministry is concerned, therefore, I feel that I am fully justified in saying that we look forward with great hope to a large extension of beet growing in this country. We look forward, therefore, with great confidence not only to a third factory, but I hope to a very much larger number of factories in the near future.

For all these reasons I would desire to commend to you the work of the British Sugar Beet Society, which is the main propagandist society dealing with the movement."

This represented the view of the Conservative Government, succeeding the Coalition Government which granted the remission of the Excise Duty.

In the Budget of 1923, the Government decided that it was not in the consumers' interest to reduce the duty on sugar on the ground that the sugar market was dominated by American financial interests to such an extent that the consumer was most unlikely to derive any substantial benefit from the adoption of such a policy.

During the third reading of the Finance Bill on the 4th July, the late Prime Minister, the Rt. Hon. Stanley Baldwin, M.P., said :—

"The Hon. Member complained that the Sugar Duty is now a protective duty on the ground that the excise in this country has been removed to aid home-grown sugar production. That is perfectly true. There were reasons for its being done. To my mind the principal object we should have in view, and in every legitimate way we can employ to do it, is to increase the sugar production of the world, because—in my view again—it is only by a considerable increase in sugar production that you will get the chance of getting that surplus which alone will give you more or less constant lower prices. That is one reason. The other reason is this. It was felt during the war that it was of extreme importance for the sake of the food to have sugar grown in this country. But now the war is over, the need for sugar production in this country is not one whit the less. For this reason, that quite apart from the extension of sugar production in the world the growers and manufacturers of sugar in this country have an opportunity to-day of building up a large sugar industry in these islands such as they have never had before, and such as they will never have again, if they do not take advantage of the opportunity given to them last year by the Government. The sugar industry is a very important basic agricultural industry, and there is no doubt that among the many steps that were taken to help that great industry in pre-war Germany there were no steps that did more to foster the agriculture of that country, or to help to increase the wealth of that country, than the great sugar industry, which was built up on scientific methods under strict protection, and which became one of the greatest and most profitable industries that that country had. It is an industry which produces what is now almost a necessity of life, and at the same time it gives a large amount of labour of the most useful kind, because it provides people in the country with the work which can be maintained practically throughout the year."

In his speeches during the General Election, Mr. Baldwin declared his intention, in the event of his return to power, to stabilise the assistance to the industry given in order that it might be placed on a firm footing.

The only declaration of the Labour Government was made by the Prime Minister, the Rt. Hon. Ramsay MacDonald, M.P., in answer to a questionnaire from the National Farmers' Union during the same Election. In his reply he agreed to continue the remission of the Excise Duty.

The value of the remission of the Excise Duty, though an important first step, was discounted by the uncertainty as to the action of the Government each year in regard to the Sugar Duty. Various schemes for additional factories, in which the Society's advice and assistance was invited, fell through owing to the difficulty of securing Capital. Stabilisation of the assistance rendered to the industry was found imperative.

In view of suggestions for the reduction of the Sugar Duty the Committee felt that the Government should be asked to ally the interests of the consumer and the home sugar beet industry by removing the present uncertainty. If a fall in the duty and therefore a reduction in the advantage to the industry were to take place by easy stages, more mature experience and organisation and the resulting economies should enable the industry to accommodate itself stage by stage to each change. It was, however, essential that such gradual reduction in the benefit should extend over a definite term of years. This would encourage permanent capital and accelerate the development of the industry, thus meeting the growing demands of the farmers, and maintain the stability and reliability of the factories, the only market for the sugar beet grower.

13.—The Society's Memorial to the Labour Prime Minister, The Rt. Hon. J. Ramsay Macdonald, M.P..

March 6th, 1924.

We desire to bring to your attention the present position of the sugar beet industry in this country. With this in view, we beg that you will receive a deputation from this society in order that the case for the industry can be fully represented.

1. It has been proved in foreign countries that the introduction of sugar beet into the farming rotation not only provides a remunerative cleaning crop, but increases the yield of the corn crops which follow. By the use of the factory by-products as a food for stock the milk yield of dairy cows and the weight of beef cattle are also increased. This treble benefit will undoubtedly encourage arable farming.

2. Labour on the farm is maintained and increased by about ten men for every hundred acres of beet grown. In addition to the permanent staff of chemists, foremen and engineers, about six hundred men are employed at each factory during the winter months when the demand for agricultural labour is at its lowest. Subsidiary industries are set in motion by reason of the building, equipment and subsequent operation of the sugar factories. A denser rural population is the result, with a revival of rural life and industry.

3. The development of the industry has an important bearing upon one of the most difficult aspects of the agricultural problems, namely, the low wages of the farm labourer. The work in a sugar factory provides employment for unskilled workers in rural districts at good wages (45s. to 50s. per week). The existence of such a factory in a rural area must improve the status of the agricultural labourer, and with its regular demand in the winter must tend to decasualise the labour which is required on the farms during the pressing periods of agricultural operations, such as haymaking, harvesting, &c.

4. It was at times of agricultural depression such as is prevailing in this country to-day that the sugar beet industry was introduced into European countries and consistently nurtured until firmly established.

5. On account of these facts the British Sugar Beet Society submits to His Majesty's Government its views as to how the new sugar beet industry can be sustained and developed to meet the needs of British Agriculture.

6. The industry has at last succeeded, but in a limited area at present, in carrying out its main purposes. The remission in 1922 of the Excise Duty on home-grown sugar was intended to enable the existing factories to continue operations and to offer remunerative beet contracts to the farmers in the surrounding districts.

7. The matter of pressing importance is the difficulty of the industry to expand. Farmers are realising the direct and indirect benefits of the sugar beet crop. There

is a movement for new sugar factories in many districts. But capital is timid. The value of the remission of Excise Duty lies in the maintenance of the Customs duty upon imported sugar and this advantage is discounted by the uncertainty of Government action each year with respect to the import duty. A substantial fall in the duty will stop development and give an irretrievable set-back to existing factories.

8. Until the home industry can compete on equal terms in experience and organisation with the older industries in European countries and America, it cannot stand alone. Maturing experience and organisation will allow a continuous exploring of possible economies both by the farmer and the manufacturer. This will enable the industry to meet a gradual reduction over a term of years of the benefit now enjoyed. Farmers and manufacturers must have time to accommodate their methods and costs to each change. For these reasons the industry fails to attract capital for permanent investment in new factories, and more stable security for capital than exists at present is absolutely necessary.

9. The Society is convinced that in order to preserve the existing factories and to provide new sugar factories, without which the farmer will have no market for his beet, some form of stabilisation to the infant sugar beet industry is essential and therefore urges upon His Majesty's Government, in the interests of British agriculture, to consider favourably the following three proposals, with the view to maintaining and developing the industry on sound and permanent lines :—

- (1) The assistance to the sugar beet industry to be guaranteed by the state for a definite terms of years. Such a guarantee would involve the payment of a subsidy to the industry in the event of the import duty in any year being less than the assistance secured under the guarantee.
- (2) The Trades Facilities Act Advisory Committee, in the altered situation arising from the foregoing proposal, to be empowered to recommend guaranteed advances to sound beet sugar factory schemes, on such conditions and on such terms of repayment as will not discourage the raising from private sources of the balance of the necessary capital on the security of shares.
- (3) A grant to be made from the Development Fund to the society for the promotion and maintenance of a School for the sugar industry, one of the main factors of the success of the beet sugar industry in continental countries. Such a school, in conjunction with the universities and existing factories, would train technical experts and foremen for future factories.

10. The society suggests to His Majesty's Government that the above proposals will enable the home-production of sugar beet to be developed upon an extensive scale, and will attract capital for permanent investment in the new sugar factories which are required to meet the growing demands of the farmers. This policy will be fully justified by results, for it will encourage arable farming ; provide new avenues for employment ; render the home country less dependent upon imported supplies ; and ultimately free the consumer from the control of the foreign speculator or trust.

The above Memorial was signed by :

Rt. Hon. Viscount MILNER, K.G., G.C.B., G.C.M.G.	}	On behalf of the British Sugar Beet Society.
Rt. Hon. Lord BLEDISLOE, K.B.E.		
Rt. Hon. GEO. H. ROBERTS, P.C.		
Lt.-Col. G. L. COURTHOPE, M.C., M.P.		
PERCY HURD.		
Rt. Hon. Sir JOHN BAIRD, Bt., C.M.G., D.S.O., M.P.		
E. W. SHEPPERSON, M.P.		
ALFRED WOOD.		
GEORGE EDWARDS, M.P., Chairman, National Council of Agriculture.		
Sir HERBERT MATTHEWS, Secretary, by Order of the Council of the Central and Associated Chambers of Agriculture.		
Rt. Hon. F. D. ACLAND, M.P., Chairman, Agricultural Organisation Society.		

BEN H. MORGAN, Chairman, British Empire Producers' Organisation.

W. SCOTT HERRIOT, President, British Empire Sugar Machinery Manufacturers' Association.

J. CROSLAND GRAHAM, Chairman, English Beet Sugar Corporation, Limited.

A note signed by Capt. Rt. Hon. E. A. FITZROY, M.P., Chairman of the House of Commons Agricultural Group, and Capt. Rt. Hon. E. G. PRETYMAN, Chairman of this Group in the last Parliament, expressed the hope that the Prime Minister would receive a deputation, and hear the society's views.

14.—Deputation of the Society to the Labour Government.

Received by THE RIGHT HON. NOEL BUXTON, M.P. (Minister of Agriculture and Fisheries), and Mr. WILLIAM GRAHAM, M.P. (Financial Secretary to the Treasury), at the House of Commons on Friday, the 11th April, 1924.

The Deputation consisted of :—

Col. G. L. COURTHOPE, M.C., M.P., The RT. HON. GEO. H. ROBERTS (Chairman of the Society's Committee), Sir JOHN BAIRD, Bt., C.M.G., M.P., Major F. N. BLUNDELL, M.P., Miss I. M. BRUCE, V. G. CRITTALL, Esq., M.P., T. G. FOWLER, Esq., J. CROSLAND GRAHAM, Esq., W. SCOTT HERRIOT, Esq., Capt. Hon. D. HOWARD, M.P., PERCY HURD, Esq., P. HOFFMAN, Esq., M.P., The Rt. Hon. LORD INVERNHAIRN, V. A. MALCOLMSON, Esq., J. S. WARDLAW MILNE, Esq., M.P., W. ROYCE, Esq., M.P., E. W. SHEPPERSON, Esq., M.P., Councillor W. J. SHINGFIELD, W. T. SPARK, Esq., Marquess of TITCHFIELD, M.P., HAL WILLIAMS, Esq., ALFRED WOOD, Esq. (Secretary of the Society).

Col. COURTHOPE : I should like to thank you for the courtesy you have shown in receiving this deputation which I have the honour to introduce to you. It represents a number of bodies which I will briefly mention : The Sugar Beet Society, The National Council of Agriculture, The Council of the Central and Associated Chambers of Agriculture, The Agricultural Organisation Society, The British Empire Producers' Organisation, British Empire Sugar Machinery Manufacturers' Association, English Beet Sugar Corporation, Ltd., The House of Commons Agricultural Group, The Workers' Union and the Scottish Council of Agriculture. The facts about the sugar beet industry are so familiar to you and your staff, and I think also to the Treasury, that very few words are needed from me in introducing this deputation, and I will content myself, if I may, with setting out in the briefest skeleton outline the claims which these bodies and particularly the British Sugar Beet Society, which has organised this deputation, make with regard to the request—I may say the demand—which we make for Government assistance in firmly establishing this industry. We claim first that we have proved beyond all doubt that we can grow beet roots of high quality as well in this country as in any of the beet sugar manufacturing countries of the world. Secondly, that we can make beet sugar of as fine a quality as any of the competing countries. We claim also that the industry is worth establishing on a substantial scale from the national point of view. In the first place let me say a word from, what I might call, the sugar point of view. We spend vast sums year by year in purchasing sugar from abroad ; any reduction of those sums by production on a large scale of sugar at home must have two effects : (1) it must tend in the long run to cheapen the price to the consumer of sugar sold in this country ; it must further tend to protect the British consumer from the loss—suffering—that may be caused him through the combinations of sugar people abroad, and it must also tend to improve the position of this country so far as international balance sheets are concerned.

Next as to the way we should look at it from the agricultural point of view. The universal experience in those countries where sugar beet is an established industry has been that the land upon which the sugar beet is cultivated has increased its yield of the white straw crops. Further, that in every case, districts where the

sugar beet has been cultivated on a large scale have not only increased their cereal production but have increased the head of livestock which they are able to carry. We claim that we have shown already in this country that the same conditions apply here ; that cereal crops grown in rotation with sugar beet are yielding more and better quality than was the case from the same land before sugar beet was grown, but there is, in my opinion, from the agricultural point of view, a far more important feature than that. One of the great difficulties that stand in the way of wheat and barley production on a very large scale in this country is the fact that the arable farmer has to make up his profit and loss account, not on a single year, but on a period of years which include the cleaning crop and sometimes a bare fallow ; the land must be cleaned in the course of his rotation and the loss on the cleaning crop is one of the most serious elements in the relatively high figure at which wheat and barley can be produced in this country. The introduction of a first-class cleaning crop—and sugar beet where it has been established is known to be the best cleaning crop which pays its own way in the arable rotation—removes that element of loss. We claim, and assert with confidence that the introduction on a large scale of sugar beet into the arable rotation of this country would lower the minimum figure at which wheat and barley can economically be produced. In other words, it would extend the area of land in this country upon which it pays to grow wheat and barley. That is, I believe, the most important aspect of all in connection with the attempted introduction of the sugar beet industry. Then to touch for the moment on the question of employment. Experience which I think is universally admitted has shown that the introduction into an arable district of sugar beet has increased in every case the amount of agricultural labour employed in that district. In addition, the factories employ a large quantity of unskilled as well as skilled labour at the season of the year when employment is usually at its lowest ebb. I need not go into the indirect additional employment given in the matters of transport, coal, limestone, machinery and so on ; all these things are too obvious. So I claim that from the point of view of the sugar consumer, of international finance, of agriculture, and of employment, we have shown that this industry is well worth establishing on a firm basis from the national point of view.

What are the obstacles ? The difficulties to be overcome are these. The industry is one of great complexity, from the point of view of this country it is one of novelty ; it is also an industry which perhaps, owing to its very complexity, can only be economically conducted by large concerns. In other words, a public company that is going to produce beet sugar successfully must have a large amount of capital. You may take it from me in round figures that the economic modern factory will cost you round about £300,000 to erect and equip, and by the time you have added working capital you must have half-a-million pounds to equip and start and run a successful beet sugar factory. The complexity of the manufacture is so great that, even in those countries where the industry is firmly established, it is the universal experience that a number of years are required to tune the new factory up to concert pitch. I understand that the continental experts estimate that it takes them seven years to tune a factory up to concert pitch so that it is producing from the raw material at the most economical figure. In this country, owing to the novelty of the position, the period is certainly longer, because the novelty extends in the agricultural and transport side of the question as well as the manufacturing side. No farmer however competent, however scientific, can, without experience and practice, arrive at the most economical manurial treatment of his soil to produce a particular crop. It will be some years before he can produce his crop to the best advantage. There are novelties also in the handling of the tools, and so on, and the workmen have got to get accustomed to the novelty as well as the farmer to the new methods, the organisation of the transport necessary to ensure a constant and reliable supply of roots day by day to the factory, irrespective of whether during the hundred days that the factory is running or whatever it is, is again only built up by considerable local experience, and while that experience is being gained both on the farm and on the transport, there is a failure to reach the highest economic return, and when you get to the factory the matter is accentuated by the need to tune up to which I have

already referred, and so I think I may say with confidence that all those who have been studying this industry, those who could be looked to to provide the capital if the industry is to be run on the private enterprise basis, would want to see a period of Government assistance for some 10 years. They cannot be sure that they will get a return on their capital without such assistance until their particular factory has been running for some 10 years. Of course, in some cases the period might be shorter, in some it might be more; 10 years is the generally accepted average. We have felt the effect of this very much during the last few months, because preparations have been far advanced for the establishment of several factories during the present year in addition to the one which is being actually built, and owing to the uncertainty of the fiscal outlook, the offers of capital have been withdrawn or postponed, and that is the difficulty that we have got to overcome—the provision of the confidence, which alone will make it possible for private enterprise to provide vast sums of capital. If in the future our chemist and engineers devise a means by which sugar can be economically produced on a much smaller scale, this difficulty will be greatly lessened, but the brains of many countries have been at work on this unsuccessfully for a great many years, and so we cannot hope in the immediate future to get relief on those lines.

Now it is not for me, Sir, to suggest in any detail how this will be done. I shall call in a moment on Mr. Roberts, the Chairman of the British Sugar Beet Society, to detail some proposals which that society has tentatively drawn up. I have heard it suggested that the state might decide, and properly decide, that rather than support, either by fiscal duty or subsidy or any other method, the industry during its development period, it should erect and run its own factories. Without going at all into the merits or demerits of the question of state trading as against private enterprise, I would only say this, that it is quite certain at the outset that any scheme of that kind must place a heavier burden on the state, than would the provision of the assistance necessary to induce private enterprise to provide the necessary working expenses for this industry. You, Sir, have told us only the day before yesterday that your Ministry had received a number of embryo schemes from quite a number of counties. I am sure you will take it from me that we can add several other counties to that list. The country is clamouring for it, and I think that the reasons which I have set out will be probably accepted by both of you, Sir, as being strong grounds for the claim that we make, that you should by some means or other enable this infant industry to get upon its feet. I call on Mr. Roberts.

MR. ROBERTS: I join with Col. Courthope in thanking Mr. Buxton and Mr. Graham for receiving this deputation and I construe their action, as we did in the case of their predecessors, as one of sympathy with the general case that we are submitting. It is not my intention to traverse the ground so ably covered by my friend Col. Courthope and I will proceed at once to narrate to you the experience that is being collected by the British Sugar Beet Society. I presume that it is unnecessary to say here, Sir, that the society is a purely propagandist body; has no interest in particular factories other than that they are units in a great industry we desire to develop here. A factory was established in this country so far back as 1911. This factory has had the advantage of continental skill and experience which I believe is of a character unequalled throughout the whole world. They experienced just what Col. Courthope has told you; that it requires a number of years to educate the farmer into the growing of beet on economic lines; that it also requires a long period in order to educate the particular classes of labour which are necessary in the various processes of beet sugar manufacture, and they find it quite impossible to conduct the enterprise here at a profit without some assistance. I would like to say that I feel that we are greatly indebted to those people, foreigners though they were, for if it had not been for their enterprise, their persistency, and the skill that they brought to bear, undoubtedly the prospects of establishing the industry in this country could not be so bright as at present is the case. Nevertheless we have always aimed at the desire to constitute this industry a British industry, whilst we have been glad, and for my own part, I feel it imperative, that we should continue conditions which would place at our disposal the skill and experience of

these men. Nevertheless the ultimate aim is that the sugar beet industry shall be British in character. Well, we had placed at our disposal the experience of the factory, and it was clear to us whose purpose I say it is to watch the industry as a whole, to collect data respecting the industry from all parts of the world and place it at the disposal of all parties concerned. We became convinced of the fact that without some state assistance it would be impossible to develop the industry in this country, indeed it would be impossible even for a factory with the skill and experience and capital at our disposal to continue operations. Thus it was after the Kelham scheme was revived at the expiration of the war that we made exhaustive enquiries and we came to the conclusion that this was an industry that ought to be developed in this country. Its all-round advantages have been set forth by Col. Courthope, and I believe that without exception of party we feel that if we could agree upon the methods of assisting its development, it would be an all-round advantage to the community. A previous Government were convinced of the case that we made to them, and they granted us complete remission of duty which now gives a subsidy of 25s. 8d. per cwt. I am convinced that it would be desirable to continue that complete remission for a period of years, for what is necessary at the moment is a rapid expansion of the industry, such attractions as will induce capital to invest in the erection and equipment of factories, and all round it necessarily follows the more attractive we could make the position the more speedily will this expansion occur. Nevertheless I have to be frank with you; there are some amongst us who believe that the industry could stand a slight reduction of duty but I am advised that anything in excess of a half-penny reduction would be disastrous to existing factories and make it absolutely impossible, for the reasons stated by Col. Courthope, for new factories to be erected.

I am not here to argue as to whether it is a sacrifice worth making; I believe—at any rate, we are agreed up to a point—unless the burden is too heavy it is desirable to develop the industry in this country, but I am advised, and, of course, you will have every opportunity to test my statement—that unless we can continue remission to the value of 21s. per cwt. it will be impossible as I say, for existing factories to carry on, or for new factories to be started. We ask for stabilisation for a period of 10 years. I think the reasons are perfectly clear—a number of years must elapse before investors can hope to receive any return on their money; a number of years must elapse before the necessary labour and skill can be made available and altogether it is an industry which cannot possibly be planted down in a country and able to run immediately on a profit-making basis. Time is the essence of the matter here and unless we can secure a continuity of policy, it is certain that we cannot attract the necessary capital into the industry. You are aware, Sir (you told us the other day) of a number of schemes that are under consideration. Col. Courthope, and others know of more. I have taken part in many propaganda endeavours to stimulate erection of factories throughout the country and whilst we are able to make a convincing case in favour of the establishment of those factories we are faced with the difficulty, I know of no other, that there is a lack of security as to the future attitude of Government towards the industry. I am simply stating fact, Sir, which I know can be verified. Thus it is we ask you, as we have asked your predecessors, to give us some security and we do not think that in asking for 10 years' stabilisation, that we are asking too much. Of course, it must be obvious to many of us that a Government must have the right to review the situation periodically—you must have a right even to a recourse during that 10 years to review the state of the industry, for after all as Col. Courthope himself remarked, there may be new conditions and circumstances arising which might diminish the strength of the case as we see it to-day, but—and this point let me repeat—I believe it would be advantageous to the state if the remission now in existence was stabilised for the period I have mentioned, but if it is the opinion, after investigation, that some reduction can be made, well then, I am advised by the best authorities possible that anything that would reduce the remission or the preference below 21s. per cwt. would be disastrous to the present factories and would inevitably destroy the possibility of further factories being started. I might reinforce this by pointing out that, as is known, the first year's working of the Kelham factory

was a most discouraging one. A number of circumstances accounted for this and I am not going to worry you by narration of them, but the Government of the day thought well to appoint an inquiry into the affairs of Kelham. It might have been mal-administration—I think that the affairs showed that there was a lack of proper skill in running the sugar beet factory, but the Government having invested money were entitled to make investigations, and if my memory serves me rightly that enquiry agreed that it would be impossible to run the Kelham Factory unless we had a remission of duty of approximately 21s. per cwt. (20s. or 21s.). That was a Government inquiry conducted into the affairs of Kelham and their conclusions were approximately the same as those which the society has obtained from the results of its experience.

I am not going to detain you further on that particular point, but I shall just proceed to make an observation on the other two points which are set forth in our statement to the Prime Minister. The Trades Facilities Act, in our opinion, as now framed and administered, does not offer the assistance to this industry that we think it deserves, and we would respectfully suggest that debentures taken by the Trades Facilities Committee, should be only on the fixed assets of the company; the experience we have had is that the Trades Facilities Committee require debentures not only on the fixed assets of the company, but also on the very sugar that it manufactures. This must necessarily be a deterrent to the supply of capital, and we respectfully submit that that is a point for your consideration. Moreover, we feel certain that the Trades Facilities Act will not be of great value to the beet sugar industry unless the period of repayment is greatly extended.

Well then, the third point is rather the education side or aspect of the matter. I would only direct your attention to the desirability of arrangements being made at the universities for the training of the peculiar classes of service that is required in the sugar manufacture. The expert has to be a chemist and engineer, and I believe it is a combination which is called for in very few industries in the country. The value of that will be immediately apparent to you.

In conclusion I would like to emphasise the fact that in one of your speeches you rather suggested that it might be practicable for the state to undertake the whole responsibility of this enterprise. Permit me to say, that I do not agree. My concern is the establishment of the industry in this country. I am not here to argue the merits or otherwise of the proposition, but of this, Sir, I am certain, that even if the state does undertake it, it is certain that it will not conduct it so economically as a private enterprise will do. The central fact is that whoever undertakes the responsibility of developing this industry, must be prepared to bear heavy losses for a period of years and further consideration in the point, Sir, is as to whether it is best, in the interests of the nation as a whole, that those losses should be borne partially by the state and partially by those who are prepared to be enterprising, and put their money in the industry, or whether the state should undertake the whole of the responsibility. For my own part I say my primary concern is the establishment of the industry, but I think it is only due that one should point out to you that observation. Well now, I know that it may appear to you that the demand is a heavy one, but of course we have got to bear in mind, that the circumstances prevailing to-day, will not exist for many years; the price of sugar must fall, and the parties concerned have always made it quite clear that a reduction of duty is not opposed—indeed one could not have done and seek political favour—but it is true to say, on behalf of the Society, that in proffering this case, we have never opposed—we have supported—a reduction in the price of sugar. For my own part I had doubts last year, whether any reduction of duty would reflect itself in the price to the consumer, I still entertain the doubt—you are in a position to get more accurate information than I—but I still entertain the doubt whether a reduction in the duty this year will be reflected in the price to the consumer. The sugar world is in such a state, that it is within the power of certain groups to effect such control which may prove that a reduction here would simply go to swell their profits. Nevertheless I say, and if you are satisfied with such a reduction and that it can be passed on to the consumer, as far as we are concerned we shall join in supporting your endeavour. But

the price of sugar must fall. Germany and Middle Europe must recover in course of time, and Germany must become a sugar exporter; that must effect ultimately a reduction in the price of sugar which, whilst an advantage to the general community, of course will not be so beneficial to those who have to build and run factories. That is an incidental circumstance which I think it right to make to you.

I thank you for having received us; if there are any specific questions that you would like to have answered, there are experts here present. If you require answers to questions on the factories, we have representatives of factories here.

15.—The British Refiners and the Remission of Excise Duty.

The Society's Reply to the Refiners' Circular Letter to Members of Parliament—dated April 25th, 1924.

The society's attention has been drawn to a circular letter dated April 14th from the British Refiners' Association, headed "Imperial Preference and its Effect upon the British Sugar Refining Trade," which it is understood has been circulated among Members of Parliament.

In this circular letter a proposal is made to restrict the remission of the Excise Duty to raw sugar made from home-grown beet. In the opinion of the society the adoption of this proposal would be most injurious to the sugar beet industry in this country.

Members of Parliament are invited to note the following:—

1. The two existing beet sugar factories in England (Kelham and Cantley) produce white sugar directly from the beet juice in a continuous process. If this were not done they would be behind any modern beet sugar factory in the world, and would lapse to the level of technical development of thirty years ago.
2. The refiners have hitherto exclusively handled imported raw sugar, and the refineries are situated at seaports. The transport of raw sugar to these refineries and its subsequent distribution as a finished product to the various markets would be wasteful and uneconomic.
3. At no time has the British refiner manufactured all the sugar consumed in the United Kingdom and consumption will continue to increase. In 1922, 1,908,970 tons were imported, of which 523,539 tons came into this country already refined. To replace this quantity, namely, 523,539 tons, at least fifty factories dealing with four million tons of beets, would be required, and this would still leave the refiners in the same position as to-day.
4. The refiners state that the same number of men will be employed in the factory in producing raw beet sugar. If this be correct, then white sugar factories must be more economical.
5. The white sugar factory will therefore be able to give a better price to the farmer as well as bring the time nearer when the need for State assistance diminishes and ultimately disappears.
6. The refiners make their proposal at a time when the home beet sugar industry produces only three days' supply of the sugar consumed in this country.
7. It is open to the refiners to take advantage of the preference given to all sugars, whether white or raw. If they can prove that raw sugar factories are more economical than white sugar factories, then the former would become the rule and not the exception.

The refiners therefore have the remedy in their own hands. They have been repeatedly invited to assist the home beet sugar industry, to build beet sugar factories and to apply thereto their considerable financial resources and their skilled technical experience. It is in their power to become a valuable and effective factor in the restoration of the fundamental industry of British agriculture, and in the creation of new industries giving employment to British labour and British capital.

The society desires to emphasise that the home beet sugar industry will not only serve the interests of British agriculture and British labour, but its development will benefit the British consumer by diminishing his dependence upon foreign supplies.

16.—Effect of the Reduction by the Labour Government of the Customs Duty.

Statement by the Secretary on behalf of the Society before the Sixth Annual Convention of the Federated Confectioners' Association of the United Kingdom on May 2nd, 1924.

“The reduction of duty on imported sugar from 25/8d. to 11/8d. per cwt. is likely to be a serious matter for all concerned in the infant home-grown sugar industry. This sudden reduction of 14s. per cwt. means that any new factories will probably work at a loss during the initial years, and the existing factories will receive a serious set-back, unless some form of compensation is granted.

The factory owners will not be the only sufferers, for farmers who grow the beet will receive considerably less for their crops than they hoped for when they signed their contracts with the sugar companies, because the price to be paid for the beets is based on the average price of sugar sold. Those contracts were entered into several months before the Budget statement was made, the land has been prepared and the seed is being or has already been sown.

So far as the factories are concerned, the society is informed that the beet contracts will be strictly adhered to by the sugar companies notwithstanding the unexpected decision of the Government and the fact that the bulk of the loss involved will fall on the sugar manufacturers.

When this matter was being discussed in the House of Commons on Wednesday last, the Marquess of Titchfield, who represents the Newark constituency, expressed the view that one of the effects of the reduction of duty would be to throw a number of workmen at the Kelham factory out of employment, but having regard to the decision to which I have referred, this unfortunate event will not occur.

Quite recently a deputation waited upon the Minister of Agriculture and the Financial Secretary to the Treasury when it was intimated that in order to preserve the existing sugar factories in England and to encourage the erection of new factories some form of stabilisation to the sugar beet industry was essential. Suggestions were made to the Government which, if adopted, would involve compensation to the industry by a substantial proportion of the disadvantage produced by the reduction of import duty.

The society is not a political body. It represents all interests and shades of political opinion. Its suggestions may not be the best suggestions, but the fact is that at the moment when this new industry is progressing in a manner to give every hope that it will be of great benefit to British agriculture, it receives an unexpected blow in the infant stages, which will stop all development and destroy the growing confidence of the investing public. It is hoped that all parties will join in maintaining the progress of this industry until its experience and education has been such that it can stand alone.”

17.—Attitude of the Central Chamber of Agriculture.

Statement by the Secretary on behalf of the Society before the Council of the Chamber on May 6th, 1924. This Statement was unanimously adopted by the Council on the Motion of the President, Viscount Elveden, C.B., C.M.G. M.P., as the expression of the views of the Council.

“The Council will remember that at their last meeting they agreed to sign the Memorial of the British Sugar Beet Society to the Prime Minister asking him to receive a deputation to hear the society's views in support of three proposals. These were briefly: (a) Continuity and stability of state assistance to the industry for a definite period of years; (b) State loans to assist in building new beet sugar factories; (c) The education of technical officers and employees for such factories.

The deputation was received by the Minister of Agriculture and the Financial Secretary to the Treasury on April 11th. They indicated the deep interest and sympathy of the Government and promised to represent the society's views to the Chancellor of the Exchequer.

As the council is aware no reference was made by Mr. Snowden in his Budget statement to the home-grown sugar industry which is seriously affected by the reduction of the sugar duty by over 50 per cent. ; but, during the Committee stage of the Budget resolutions last Thursday, the Financial Secretary to the Treasury, Mr. Graham, referred to the leading proposal made by the society's deputation, and stated that this matter was still under the consideration of the Government.

Since that date Mr. Buxton has agreed to receive a deputation of the 13 Members of Parliament upon the society's committee, after consideration has been given to further information supplied at his request as to the effect of the reduction of duty upon the industry as it stands at present.

In the meantime the society wishes to make three observations : 1. In every beet growing country there has been an initial period of stable and continuous State nurture while the necessary knowledge and experience was gained. 2. No country in which the industry has been established would allow the industry to decay by reason of its undoubted benefit to agriculture. 3. When firmly established, the industry can be successfully carried on without state help. Holland, a free trade country, is a notable example.

It is hoped that the Government will enable this infant industry to maintain its solid progress and development to the advantage of arable farming and employment, and receive the co-operation of all parties in solving what is in fact an educational problem on extensive and practical business lines for the benefit of the farmer, the agricultural labourer, the manufacturer and the factory worker."

NOTE.—About this time the Government instituted an Inter-Departmental Enquiry into the position and possibilities of the industry and the society, along with the existing factory Companies, supplied to the Ministry of Agriculture for the purposes of this Committee, such detailed information as was required.

18.—Announcement of the Subsidy Proposals.

Extract from Speech by the Chancellor of the Exchequer (Rt. Hon. Philip Snowden, M.P.) in the House of Commons on July 30th, 1924, during the Unemployment Debate.

MR. SNOWDEN : I want to say a word or two upon a matter on which I have promised information to the House on more than one occasion. That is the question of sugar beet. The Government have accepted the principle of Exchequer assistance for the sugar beet industry. (Hon. Members : " Protection ! "). A foolish observation like that, if it has any effect at all, is calculated to make me sit down now and not say another word. It was an extremely foolish observation because hon. Members might have waited to hear what I had to say, and then they would have had sufficient knowledge to criticise the proposals of the Government. Members of the Committee will see, after I have made my statement, that the question neither of Free Trade nor of Protection is involved. The beet sugar factories which are in existence in this country have already received assistance from previous Governments. They have also had the advantage of freedom from Excise Duty, equivalent to the Customs Duty on imported sugar. I reduced the Sugar Duty very considerably in the last Budget. Then representations were made to us that it was impossible for the British beet sugar factories to carry on in their initial stages unless some further assistance were given. The effect of the present arrangement, freedom from Excise Duty, is that they get an advantage of 11s. 8d. a cwt. Before I made a reduction in the Sugar Duty the advantage was 25s. 8d. a cwt., or some such figure. They could just struggle along with that advantage, but they cannot do so with the advantage of 11s. 8d. a cwt. The other members of the Government and I have given the matter very full consideration.

I should not have referred to the question of Free Trade or Protection at all had it not been for the observation of the hon. Member opposite, but I will say this : if I believed that, in the proposal I am just going to make to the Committee, I violated the principles of Free Trade, I would not make it. This is what we propose. We propose that there shall be an Excise Duty, equivalent to the existing preferential Customs duty, put upon sugar manufactured in this country. Of course, the sugar will get the advantage of that preference. Therefore an Excise Duty of 9s. 9d. would be put upon beet sugar manufactured in this country and we propose that they shall get a subsidy of 19s. 6d. per cwt. The advantage of that, from the Exchequer point of view, is that it leaves the Chancellor of the Exchequer entirely free in the future to deal with the Sugar Duty. He may reduce it, or abolish it altogether, but there would not arise this question which has arisen as a result of the recent reduction in the Sugar Duty.

A very crucial matter in this connection is being able to get a sufficient supply of beet at prices which will encourage the farmer to produce, and we have come to the conclusion that it will be necessary to fix the subsidy at such a figure as will enable the manufacturer to give a price for the beet which will be an encouragement to the farmer. We have considered the question of a possible subsidy to the farmer, but after looking at the question from every point of view we came to the conclusion that there was grave objection to that course. Representatives of the National Farmers' Union and others who take a good deal of interest in this question in various parts of the country were of opinion that a price of 54s. per ton would be necessary to attract new growers to a district, but we have come to the conclusion, after weighing all the evidence, that such a high figure as that is not necessary and that the subsidy which we propose to give will enable the price of 44s. per ton to be given to the beet grower.

There is not, as far as we can discover, any case in the world where a beet sugar industry has been developed except with the assistance of the State. Holland has an exceedingly flourishing beet sugar industry which supplies the whole of Holland's needs and leaves a considerable surplus for export, and that industry received assistance in its early years, though for a long time back it has been entirely self-supporting. Therefore, after full consideration, we have come to the conclusion that a period of 10 years is necessary during which State assistance is required to enable the industry to get upon its feet and develop sufficiently to stand alone. There are many reasons why that is necessary. We all know what a conservative lot the farmers are, and it will require a long time to induce them to adopt new methods. We believe, however, a period of 10 years will be sufficient for that purpose, and the subsidy might be upon a diminishing scale during that period. That would have the further advantage of supplying an incentive for the erection of factories in the earlier years when the subsidy is higher.

Sir LEONARD LYLE : May I ask the right hon. Gentleman whether that subsidy is to be given on the refined sugar or merely on the raw sugar ?

Mr. SNOWDEN : I think it is going to be given on all sugar which is produced in this country. We suggest the rate of 19s. 6d. should be subject to a falling scale. It might be reduced to 13s. in four years and again reduced to 6s. 6d. after a further three years, and at the end of 10 years it might be removed altogether, and, as I said before, Excise Duty at the appropriate rate would be charged from the outset, so that the net cost to the Government would only be 9s. 9d. per cwt. when the subsidy is being paid at the full rate. Legislation will of course be necessary to carry out this proposal. I may say a word or two as to the possible effects of the proposal. We are assured that if this subsidy were granted, about half-a-dozen new factories would be started almost at once, which means the employment of a great deal of labour in the production of the machinery. I am told a new factory costs about £200,000, representing the employment of a great deal of labour, and this expenditure would be incurred in this country. A good deal of labour would also be employed in growing the beet and bringing it to the factories. I understand that a sugar factory at present employs between 500 and 600 men in the winter and a smaller number in the summer.

May I take the Committee so far into my confidence as to say that I approached the consideration of this question, I will not say with hostility, but certainly not in

a favourable or sympathetic frame of mind. I have given very long consideration to it, and the more I see of its possibilities the more enthusiastic I become. I believe it is one of the very biggest things that can be done for British agriculture. I believe it will revive British agriculture and restore rural England, and I am confident, so successful will the early stages and the early experiments be, that the areas devoted to sugar-producing purposes will extend until this country is in a position to produce a great part of the sugar which it requires. I think it is necessary, if the scheme we are going to propose is to be carried through, that it should be carried through, I will not say with the unanimous approval of the House of Commons, but at least with a certain measure of agreement among all parties. Whether we shall be able to secure that agreement or not I do not know, but I believe very strongly in its possibility, and I should very much regret if this proposal were not carried into effect.

19.—Developments following Mr. Snowden's Announcement.

Statement issued to the Press by the Society—July 31st, 1924.

The announcement by the Chancellor of the Exchequer in the House of Commons during the Unemployment Debate last night is having the immediate effect of developing the sugar beet industry and definite preparations are being made with this end in view.

In addition to the two existing beet sugar factories at Cantley and Kelham and a third under construction at Colwick, at least six more factories, involving the permanent investment of capital of between two and three million sterling, are to be erected. Of these, four factories will be put in hand this autumn.

This development of the industry will naturally involve an extended educational movement, particularly on the technical side. The British Sugar Beet Society has already given considerable attention to this question. Professor A. R. Ling of Birmingham University, and Mr. T. H. Percy Heriot, F.I.C., of the Royal Technical College, Glasgow, have accepted the society's invitation to join its committee and assist them in preparing a scheme for the promotion and maintenance of a School for the Sugar Industry, one of the main factors of the success of the beet sugar industry in continental countries. Students will be specially trained for the technical posts in a beet sugar factory, theoretical instruction being given at the universities, and practical training in the factories during the manufacturing season.

The Dutch interests which have contributed very materially to the recent manufacturing success of the Cantley and Kelham factories have promised every possible assistance to this endeavour to train Englishmen to take the higher responsible posts in a beet sugar factory.

The British Sugar Beet Society is a propagandist body which includes representatives of all political parties on its committee. Mr. V. G. Crittall, M.P., has joined the committee at the suggestion of the Prime Minister, and Captain F. N. Blundell, M.P., at the suggestion of Mr. Baldwin. It is understood that a nomination by the Liberal Party is under consideration.

20.—The Subsidy Proposals Further Explained.

Statement issued to the Press by the Society with the approval of the Ministry of Agriculture—August 2nd, 1924.

The British Sugar Beet Society has made enquiries with regard to the specific effect upon the sugar beet industry of the Government's proposals as announced by the Chancellor of the Exchequer in the House of Commons on Wednesday last.

It is understood that a direct subsidy will be given from the Exchequer upon home-grown sugar. For four years, including the present year, the subsidy will be 19s. 6d. per cwt. of sugar, then for three years 13s. per cwt., and for a further three years 6s. 6d. per cwt.

Some misunderstanding has arisen with regard to the statement by Mr. Snowden that the excise duty (from which home-grown sugar is at present exempt) would be re-imposed. Mr. Lloyd George, to whom, as Prime Minister in the Coalition Government, this new industry is indebted for the remission of excise duty in 1922, appeared to be under the impression that this would reduce the benefit of the subsidy and that these new proposals would, therefore, not meet the object for which they were designed.

This view, however, is based on a misapprehension. It should be remembered that when there is a duty on imported sugar this forms part of the price at which the sugar is sold. At the present time, there is a Customs Duty of 11s. 8d. on every cwt. of foreign sugar imported, and 9s. 9d. on every cwt. of Dominion sugar. Home-grown sugar is exempt from excise duty, so that the home producer gets an advantage of 11s. 8d. per cwt. over foreign and 9s. 9d. per cwt. over Dominion sugars. Under the proposed subsidy scheme foreign and Dominion sugars will still be paying their 11s. 8d. and 9s. 9d. Customs Duty. Home-grown sugar, with the excise duty reimposed, will pay 9s. 9d. per cwt., so that in the matter of payments in respect of duty it will have an advantage of 1s. 11d. per cwt. over foreign sugar and will be on equal terms with Dominion sugar. But the home producer will in addition receive his 19s. 6d. subsidy on every cwt. of sugar produced.

It is clear, therefore, that the Government proposals will give the industry a total advantage of 21s. 5d. over foreign imported sugars, instead of 11s. 8d. as at present, an advantage which, moreover, will be practically unaffected by any further reduction in the sugar duty.

The industry will, therefore, know exactly what it will receive by way of State assistance over the whole period of ten years, and, with the removal of any uncertainty as to the future, the factor which has up to the present been largely responsible for retarding the development of the industry will disappear.

21.—The Home-Grown Sugar Industry—Further Statement by the Labour Government.

*Report of a Speech by the Minister of Agriculture (Rt. Hon. Noel Buxton, M.P.), at
Walsingham, Norfolk, September, 1924.*

Dealing with the position in respect of the Government proposals to assist the sugar beet industry in this country, he said, it was appropriate that he should make this speech in his own constituency in Norfolk, in which county the industry had received its earliest nursing, being the only county with a sugar beet factory till 1921. The Chancellor of the Exchequer had announced in the House of Commons, that the Government accepted the principle of State assistance for the sugar beet industry. In arriving at this decision the Government had followed the example of every other country in which the industry has been successfully established. In view of the many benefits to the country and to agriculture which would result, there was little doubt but that the expenditure proposed would prove to be a very valuable investment.

The industry had already received some measure of State assistance under a decision of the Coalition Government in 1922 to remit the Excise Duty on home-grown sugar. Last year, when the Sugar Duty was high, the advantage derived from this remission was considerable, amounting to 25s. 8d. per cwt. of sugar, and this enabled the factories to pay a satisfactory price to the farmer for beet, and to manufacture sugar with a reasonable margin of profit. In this year's Budget, the Chancellor was able to effect a very considerable reduction in the duty on sugar, viz., from 25s. 8d. to 11s. 8d. This reduction, while it was of great benefit to the sugar consumer, dealt a serious blow to the industry, and had there been no further assistance, it is certain that the industry could not have developed, and it is extremely doubtful whether the two existing factories at Cantley (Norfolk) and Kelham (Notts) could have survived.

The Government, therefore, had made careful enquiries as to the extent to which assistance would be necessary to enable the industry to develop, and had found that

there were two crucial factors in the situation. In the first place, the factory must be assured of a sufficient supply of beet, or, in other words, it must be able to offer such a price to the farmer as would induce him to grow the crop. In the second place, there must be some measure of stability over a reasonable period of years, while the industry was getting on its feet. As a result of this consideration, the Government proposed to increase the amount of state assistance to the industry to give it in such a way that it would not be affected by any further reduction in the sugar duty, and to lay down a definite scale over a period of ten years, so that the industry would know exactly what it is to expect from the Exchequer, and when the assistance will come to an end.

For the first four years, it is proposed to give a subsidy of 19s. 6d. on every cwt. of white sugar produced from home-grown beet. For the next three years the subsidy would be 13s. per cwt. and for the last three years of the ten-year period, 6s. 6d. There would, therefore, be a strong inducement for factories to be put up as soon as possible in order to take advantage of the higher rates of assistance, and, as they gain experience and increase their technical skill, the subsidy will fall, until, at the end of the period, they will be expected to stand alone without any help from the Exchequer. The example of Holland, where the industry is now self-supporting although for years it was aided by the state, shows that this can be done.

The Excise Duty would be re-imposed. Some misunderstanding had arisen with regard to this part of the Government proposals. There was an impression that this would reduce the benefit of the subsidy, and that the net benefit to the industry would not be increased. This view, however, is based on a misapprehension. It should be remembered that when there is a duty on imported sugar, this forms part of the price at which the sugar is sold. At the present time there is a Customs Duty of 11s. 8d. on every cwt. of foreign sugar imported, and 9s. 9d. on every cwt. of Dominion sugar. Home-grown sugar is exempt from Excise Duty, so that the home producer gets an advantage of 11s. 8d. per cwt. over foreign and 9s. 9d. per cwt. over Dominion sugar. Under the proposed subsidy scheme, foreign and Dominion sugars will still be paying their 11s. 8d. and 9s. 9d. Customs Duty. Home-grown sugar, with the Excise Duty re-imposed, will pay 9s. 9d. per cwt., so that in the matter of payments in respect of duty it will have an advantage of 1s. 11d. per cwt. over foreign sugar, and will be on equal terms with Dominion sugar. But the home producer will, in addition, receive his 19s. 6d. subsidy on every cwt. of sugar produced.

It is clear, therefore, that the Government proposals would give the industry a total advantage of 21s. 5d. over foreign imported sugars, instead of 11s. 8d. as at present, an advantage which will be practically unaffected by any further reduction in the sugar duty.

The Government considered that, with this assistance, the manufacturers should be able to pay the farmer during the first four years of the subsidy period not less than 44s. a ton for beet of $15\frac{1}{2}$ per cent. sugar content delivered to a factory, and a condition that this price at least shall be paid will be attached to the subsidy. In actual fact, it should be possible, with sugar at its present price for a good grower to earn at least 50s. a ton for his beet under the contract system which is in force at existing factories, and he would benefit by any rise in the price of sugar. With a fixed minimum price, the farmer will be insured against a serious fall in the price of sugar, and the inexperienced grower will be able to reckon on a sufficient return during the period in which he is learning how to increase his yield and improve the quality of his crop.

The rapid development of the industry, which there is every reason to suppose will now take place, will have far-reaching effects. A well-established sugar beet industry is an agricultural asset of the first importance. The growing of beet increases the fertility of the land and the volume of succeeding crops. By the introduction of a profitable cleaning crop into the rotation, the minimum figure at which cereals can be grown is lowered, and consequently the production of wheat, oats and barley is promoted. The industry provides employment on the land, and, later in the season when agricultural labour is at its lowest ebb, it gives work to unskilled men in the factories. Labour will be required to build the new factories and to manufacture the machinery. Moreover, additional labour will be required to satisfy the increased

demand for transport facilities which will arise with the development of the industry. The beet must be taken to the factory, and the pulp and other by-products returned to the farmer. One ton of coal and half a ton of limestone must be brought to the factory for every 10 tons of beet worked. Plans were, it is understood, already well advanced for six new factories to be erected.

22.—Effect of the Subsidy Proposals upon the Sugar Beet Price.

Statement issued by the Society to the Press—September 9th, 1924.

The two existing beet sugar factories in this country are at Cantley, Norfolk, and Kelham, Notts., of which the owners are respectively the English Beet Sugar Corporation, Ltd., and Home Grown Sugar, Ltd. A third factory, which it is understood will be ready for this season's crop, is being built at Colwick, Nottingham, by the Anglo-Scottish Beet Sugar Corporation, Ltd., of which Lord Weir is Chairman.

The British Sugar Beet Society states that definite information has now been received as to one of the six new factory schemes referred to by the Chancellor of the Exchequer in the House of Commons on the 30th July, and by the Minister of Agriculture in his recent speech at Walsingham, Norfolk.

A suitable site has been selected near Ely, Cambridgeshire. Beet contracts have been offered to farmers in the district and are already being largely taken up. Arrangements are well in hand to commence building operations so soon as the required acreage has been promised.

The British Sugar Beet Society has received many enquiries with regard to the effect of the Government's proposals as announced by the Chancellor of the Exchequer in the House of Commons on 30th July last, upon the price of beets to be supplied to the factories under existing contracts between the growers and the manufacturers. Under these contracts the grower receives for each ton of beets of $15\frac{1}{2}$ per cent. sugar content (with an addition or deduction of 2s. 6d. per ton for each 1 per cent. of sugar content above or below $15\frac{1}{2}$ per cent.) a sum equal to the average receipts of the factory per cwt. of sugar produced. If, however, he has contracted for a period of years this price is increased by one-seventh, the large majority of growers being under contract for three years.

If legislative effect is given this autumn to the Government's proposals, the price for beet, being based on net factory receipts, will be automatically increased by 11s. 2d. per ton, that is to say, the difference between 19s. 6d. and 9s. 9d. with the addition of one-seventh. The following comparative table may serve to illustrate the effect of Mr. Snowden's proposals upon the beet contract:—

Average sale price of sugar per cwt.	PRESENT PRICE.		NEW PRICE.	
	Add one-seventh for period con- tract.	Price per ton of beet.	Addition to price.	Price per ton of beet.
38/-	5/6	43/6	11/2	54/8
34/-	4/11	38/11	11/2	50/1
30/-	4/4	34/4	11/2	45/6
26/-	3/9	29/9	11/2	40/11

It should, however, be pointed out that every factory, which claims the 19s. 6d. subsidy, whatever the nature of its contract with the farmer may be, must pay not less than 44s. per ton of beet to the grower on the basis of $15\frac{1}{2}$ per cent. sugar content, so that while the grower shares in the benefit of higher world prices, the manufacturer

must take all risks in any fall in the average sale price of the sugar he produces below 28s. 9d. per cwt.

NOTE.—On January 28th, 1925, an arrangement was made between the National Farmers' Union and the two groups, who are operating the existing factories and who gave undertakings to the late Government to build six new factories. The sugar beet price in the three years contract is increased during the years 1925, 1926 and 1927 by a further 2s. 6d. per ton, with in addition a tonnage bonus of 1s. per ton for every 10,000 tons of beets exceeding 50,000 tons worked at the factory during each season with a maximum tonnage bonus of 5s. per ton. This price is guaranteed to be not less than 54s. per ton, except in the first year of a new factory in which case the guaranteed minimum price is 49s. The proposed 44s. statutory minimum applies to the one year beet contract only.

23.—The Farmers' Responsibility.

Statement by the Secretary on behalf of the Society before the Rotary Club of Nottingham—September 15th, 1924.

It is understood that the Government will introduce a Bill as early as possible during the Autumn Session to give effect to the subsidy proposals announced by the Chancellor of the Exchequer during the Unemployment Debate on the 30th July last. These proposals are retrospective, that is to say, affecting the beet crops now approaching the period of harvest and the sugar manufacturing season commencing in October. They will alleviate by 9s. 9d. per cwt. of sugar the blow suffered by the industry in the recent reduction of the Customs Duty by 14s. per cwt. Moreover, by establishing in definite terms for a period of ten years the measure of state assistance to be granted to the industry, on lines independent of any annual change in the import duties to the benefit of the consumer, the sympathies of both consumer and capitalist can be enlisted in favour of an industry whose past struggling years of existence have at least proved its actual and potential value to British agriculture. The diminishing scale of such assistance will also impose upon the industry the necessity of constant effort to arrive at that stage of mature experience and organisation, with their resulting economies, when it can stand alone without the sheltering help of the state.

The immediate effect of the Government's policy will be to broaden the basis of experience and education in this new industry in which Great Britain is several generations behind other countries. The number of beet sugar factories, at present three, namely, Cantley, Kelham and Colwick, is to be increased to nine by the end of the year 1926. These six new factories have been undertaken by responsible groups with the necessary financial and technical backing, and the society has information to show that these promises to the Government will be honorably fulfilled. They are of course conditional not only to the passing of the necessary legislation this autumn, but also to the loyal support of the farmers themselves. The first of these factory schemes, for instance, at Ely in Cambridgeshire, is to be started forthwith, as the necessary minimum of 5,000 acres of beet has already been definitely guaranteed and further contracts to a total of 10,000 acres are being offered. Expenditure involving £300,000 to £400,000 for each factory, with provision for an additional £80,000 to £100,000 for working capital (including advances to growers on growing crops) is a serious matter, and cannot be entered upon unless a regular and permanent and not a spasmodic supply of raw material is assured to the factory.

The principal object of the industry is to encourage arable cultivation and thereby to increase the production of cereals, with the consequent additional employment upon the land. The burden of risk, it is to be noted, falls upon the sugar manufacturer. Every reasonable encouragement to the grower is given. The world prices of sugar cannot be stabilised, yet during the period of the 19s. 6d. subsidy the manufacturer is to guarantee to the grower a minimum price of 44s. per ton of beet, throwing upon the manufacturer all risks in the fall of sugar prices below 28s. 9d. per cwt.

On the other hand the existing sliding scale contract gives the grower a share in the increased receipts by the factory for its sugar, so that the operation of the subsidy proposals at their commencing rates will give the grower with a period contract 11s. 2d. more per ton of beet than the price to which he would at present be entitled. If the prevailing world prices of sugar are maintained the grower would receive approximately 55s. for each ton of beet he produces on the basis of 15½% sugar content or about 20s. more than the price paid last year in any other country in the world.

If therefore factory development with its consequent employment is delayed, or the necessary financial arrangements cancelled, the burden of responsibility will rest, not upon the Government or the capitalist, but upon the farmers alone.

24.—Mapping Out of Areas and Avoidance of Overlapping.

Statement issued to the Press by the Society with the concurrence of the Ministry of Agriculture—October 1st, 1924.

The following statement is issued by the British Sugar Beet Society with the concurrence of the Ministry of Agriculture :—

1. With a view to securing the widest possible development of arable cultivation and the distribution of the benefits of the State Assistance to the sugar beet industry over the widest possible area, the British Sugar Beet Society invites County Agricultural and other organisations to collect data as to the arable land in their districts, so as to be in a position to advise as to the number of Beet Sugar Factories which these areas can support during the initial stages of the industry and the best situation for these factories.

2. The Society wishes to emphasise the following points :—

- (A) Factories should, so far as possible, be situated in a central position in the beet growing areas.
- (B) Good transport facilities (rail and road, and if possible, navigable river or canal) are matters of vital importance.
- (C) An *abundant* water supply is a primary condition of a sugar manufacturing scheme.

3. The Society considers it desirable to warn growers of beet and proposed manufacturers of sugar against congestion in factory building. Experience in foreign countries demonstrates that the tendency is for the more successful factories to increase production in order to reduce costs and this leads to the closing of other factories operating in the same district. Competition between factories for beets might benefit the grower for a few years, but it will certainly be ultimately to his disadvantage. It is, moreover, essential that a factory should reach a point of economic success and stability so as to be in a position to meet without loss to capital or credit, the diminution and later on the withdrawal of the State Assistance granted to the industry. In the interests of both the grower and manufacturer, at this early stage when a broad scheme of development can be arrived at, each new beet sugar factory should be given ample room not only for an increased production of beet within the area in which it will operate, but also an increased production of sugar at the factory.

4. In the light of the above considerations, the Society recommends to the companies which have undertaken the responsibility of the six new factories, referred to by Mr. Snowden in his speech on July 30th, during the Unemployment Debate, and also to other companies which may propose to build beet sugar factories, that no two factories should be less than 50 to 60 miles apart (this distance to be calculated along the most direct route by railway) in order that there may be available to each factory a working area for sugar beet cultivation within a radius of 25 to 30 miles.

25.—The Home Grown Sugar Beet Industry—Policy of the New Conservative Government.

(A) *Extract from the Election Address of the Prime Minister (the Rt. Hon. Stanley Baldwin, M.P.)—October 11th, 1924.*

I regard it as vital that the great basic industry of agriculture should be not merely preserved, but restored to a more prosperous condition as an essential balancing element in the economic and social life of the country. For a permanent solution of the agricultural problem a common agreement between all parties is desirable; and the Unionist Party, if returned to power, will summon a representative Conference in the hope of arriving at an agreed policy by which the arable acreage may be maintained and regular employment and adequate wages secured to the agricultural worker. The Act for the regulation of wages, passed in the last session of Parliament, will be maintained. Unionists can justly claim to have been instrumental in passing this Act in a form more generally acceptable to all agriculturists.

We shall seek to make available on easy terms to all cultivators the results of the latest agricultural scientific research.

We shall take all practical steps to insure that imported foreign foodstuffs should be sold as such.

The further development of the sugar beet industry and rural industries generally will receive particular consideration.

(B) *Extract from Report of the Prime Minister's Speech at Taunton—October 17th, 1924.*

Mr. Baldwin also spoke of sugar beet cultivation, and said: "We shall take care that sufficient financial help, by way of subsidy or otherwise, is given to that industry, so that it may be established in this country. Experiments so far carried out have proved that sugar can be grown in this country. The quality of the beet, I am informed, that has already been raised is not inferior to the best beet raised on the continent. There is no reason why we should not draw a substantial proportion of the sugar we consume from the home market."

It was an industry which could pay decent wages, and the more sugar we could grow the less we should be at the mercy of the foreign speculator. It was an industry which ought to be encouraged and which would be encouraged, and which he should like to see spread until we had half a million acres under beet in every part of the United Kingdom which was suitable for the growing of that beet.

(C) *Extract from the King's Speech at the Opening of Parliament—December 9th, 1924.*

A conference of representatives of landowners, farmers, and workers has already been invited to consider whether an agreement can be arrived at by these different interests which might provide the stable basis of a national agricultural policy. Meanwhile, measures will be laid before you to give effect to the proposals of the late Government for the encouragement of the sugar beet industry.

26.—Employment of British Machinery in Beet Sugar Factories.

Letter from the Society to the Ministry of Agriculture—November 26th, 1924.

I am directed by the Committee to submit to your Ministry the Society's observations upon the question raised in the enclosed circular letter of the British Empire Sugar Machinery Manufacturers' Association, relative to the employment of British made machinery in new beet sugar factories.

The Society's policy on this matter was formulated last year when the same question was raised, and is contained in the following Minute dated 30th May, 1923:—

"The Society is of opinion that people investing money in this new industry, which is still in its infancy, must be at liberty to buy their machinery where they

believe they can secure it in their best interests. The society is in favour of the employment of British machinery wherever possible, and feels that having regard to the paragraph above the interests of British Sugar Machinery Manufacturers can best be served by the society keeping this view constantly before existing factories and the promoters of any future factories where its help is desired, and influencing them in this direction as far as is legitimately possible without affecting their freedom of action."

On receipt of the above circular letter my committee, which is representative of all interests in this new industry, considered it their duty to enquire whether a new situation had arisen which demanded a revision of the society's policy in this connection. The opinions of the four existing beet sugar factory companies were invited, and it is found that the Boards of Directors of three of these companies endorsed without reservation the terms of the above minute as being still applicable to the special conditions and circumstances of this industry.

The society has always recognised that in the development of the sugar beet industry in this country the opportunities afforded for increasing the production of British plant, and thereby also assisting in increasing employment, should be consistently and thoroughly explored. On the other hand it has always endeavoured to avoid any misdirection of policy or bias of effort which might throw out of perspective the main objects of the industry, namely, the encouragement of sugar beet production at a profit to the grower, and the economic manufacture of sugar of a high quality, with a view ultimately to compete on even terms with the older industry in continental countries.

The following considerations, in the opinion of my committee, must guide any decision upon the question raised by the British Empire Sugar Machinery Manufacturers' Association.

1. Manufacturers of machinery must be in the position to meet the demands of factory companies with quick and prompt delivery of suitable and up-to-date plant. The building of beet sugar factories is fundamentally a race against a growing crop.
2. Any delay occasioned to factory development through an anxiety to ensure the production of British plant, will effect a loss of employment in four respects—in the erection of the machinery—in the building—on the land—and in the production of sugar. This constitutes the greater volume of employment.
3. The subsidy is earned on sugar produced. If the sugar manufacturer fails to produce sugar or secures a low extraction of sugar to this extent the subsidy is reduced or falls. Yet no corresponding contribution can be expected from the manufacturer of the plant. The sugar manufacturer must take the whole of the risk including the considerable loss occasioned by the breakdown of the plant during the campaign.
4. The investor may refuse to lock up his capital in beet sugar factories, even with the incentive of the subsidy, unless he is satisfied that his factory is the best the world can produce. Ultimately his factory will have to compete on even terms with continental factories. To restrict his choice, therefore, is likely to alienate his confidence.
5. A restricted market for machinery may easily lead to prohibitive prices being quoted against the sugar manufacturer.

The society is therefore convinced that it is inadvisable to take too rigid a view as to the proportion of British made machinery to be used in beet sugar factories, especially at the present time when the capitalist, the sugar manufacturer and the grower have been persuaded to enter upon a much broader basis of development than hitherto had been thought possible. This in itself must lead to greater use being made of the services of British engineers who specialise or propose to specialise in this new industry.

If, however, conditions are now attached to the late Government's subsidy proposals, on the basis of which the undertakings to build six new factories were given,

the society considers that this would be regarded as a breach of faith with the promoters and might lead to the abandonment of some at least of the six schemes, with the result of heavy loss of employment being sustained and a set-back to the industry's progress being suffered.

I am to add that the society attaches no small measure of importance to the retention of the best continental technical experience and assistance in the designing as well as in the subsequent operation of the factories.

27.—The Subsidy Proposals confirmed by the Conservative Government.

*Statement issued to the Press by the Ministry of Agriculture—
November 28th, 1924.*

The Government has decided to adopt and carry out the proposals made by the late Government for the grant of a subsidy for a period of ten years on a diminishing scale to sugar manufactured in this country from home grown beet, coupled with a minimum price to the growers in the initial years.

The necessary measures have been prepared and will be presented to Parliament when it meets for business. It will not be possible to complete all the stages before Christmas, but it is the intention of the Government to secure their passage into law without any avoidable delay.

The proposed subsidy, which will apply to sugar manufactured during the current season, will be at the rate of 19s. 6d. per cwt. for the four years from 1924-25 to 1927-28 inclusive; at the rate of 13s. per cwt. for the three following years; and at the rate of 6s. 6d. per cwt. for the three final years. These rates will apply to sugar of a polarisation exceeding 98 degrees; for sugar of lower polarisations the rates will be reduced according to scale. The subsidy has been fixed at a rate which will enable the sugar factories to pay Excise Duty at the preferential rate, which at present is 9s. 8½d. per cwt., and the industry would not be adversely affected in future by any reduction in the Customs Duty on imported sugar, since the Excise Duty would be proportionately reduced at the same time.

It will be a condition of payment of the subsidy that the sugar manufacturers should pay during the first four years a minimum price of 44s. per ton of beet of 15½ per cent. sugar content, with an addition or deduction of 3d. per ton in respect of each one-tenth per cent. of sugar content above or below 15½ per cent.

The Government proposes also that in the case of any new sugar factories it shall be a condition of the payment of the subsidy that not less than 75 per cent. of the value of the machinery and plant shall be of British manufacture, unless the Minister of Agriculture for any special reason dispenses with this condition.

28.—The Industry's Responsibility.

*Statement by the Secretary on behalf of the Society before the Rotary Club
at Wolverhampton—December 9th, 1924.*

In 1922, the Coalition Government remitted the Excise Duty on home-grown sugar. Since then three successive Governments have continued the principle of state assistance to this new industry because of its value to agriculture and employment.

The alternative method now adopted, namely a subsidy, is the result of experience gained since state assistance was first granted. The stabilization of this benefit at definite rates on a diminished scale for ten years, irrespective of the annual revision of the Customs Duty for revenue purposes, will enable the industry to offer to capitalists willing to build factories, inducements based upon ascertained facts and not on political uncertainties.

When Sir Robert Horne, as Chancellor of the Exchequer, in the Coalition Government, received on March 21st, 1922, a joint deputation of the society and the

Agricultural Committee of the House of Commons, along with the National Farmers' Union and other interested bodies, he asked what guarantee the Government would have, if the Excise Duty were remitted, that the state help would not be a premium upon inefficiency. From this standpoint the industry invites the closest examination of the progress it has since made.

As a condition of the subsidy the industry is committed to secure such economies arising from education, experience and efficient organisation as to enable it to become self-supporting in the period of ten years covered by the Beet Subsidy Bill. The British Sugar Beet Society, which is representative of all interests in this new industry, undertakes to make every effort to honour this pledge.

The workers in this industry have been engaged for many months under extreme pressure on the work of development as if the Government pledges had already been implemented by law. Four of the six promised factories—at Ely, at Kidderminster, at Spalding, and at Ipswich—are expected to be ready for the 1925 crop of beet. The farmers, through the National Farmers' Union, are co-operating with the manufacturers in every possible way.

The Society is now devoting attention to the education and training of British personnel to take the higher technical posts in beet sugar factories. Professor Arthur Ling, of Birmingham University, Mr. T. H. P. Heriot, of the Royal Technical College, Glasgow, and Dr. A. Wijnberg, formerly Principal for 25 years of the School for the Sugar Industry of Holland, are engaged upon the detailed consideration of a scheme on the lines advocated by the Society, in which universities and beet sugar factories will be invited to co-operate.

With regard to the conference on agriculture which the Government is convening to arrive at a national policy, the society is convinced that the sugar beet industry will be found to offer a fundamental contribution to the policy of an increased cultivation and a revived rural prosperity. All the society's experience and information with regard to this new industry is at the disposal of the Government.

29.—Beet Sugar Subsidy—Financial Resolution.

Debate in the House of Commons—December 18th, 1924.

The Minister of Agriculture (Rt. Hon. EDWARD WOOD, M.P.), introduced the measure for the Government. His speech, as reported in *Hansard*, was as follows:—

“ During something like a dozen years various efforts have been made to establish the beet industry in this country. Those efforts included the abolition of the Excise Duty in 1922, and that was followed this year by the reduction of the Customs Duty, which had the effect of somewhat dislocating the then position in which the industry was carried on. The result was to force the Labour Government to give their attention to the question of what further steps were necessary in order to give this infant industry a chance of establishing itself and of allowing an agricultural experiment to be thoroughly explored. After considerable deliberation they formulated the scheme which is the basis of the present resolution. We have found ourselves the heirs to their work which, as in this respect we thought it good, we have adopted.

The main proposal is a very simple one. It is to give a subsidy to the industry, and while doing that to reimpose the Excise Duty that had been removed in 1922. At this stage I need not say anything except a passing word as to the general arguments that have led to this policy. They were arguments agricultural, relating to the condition of the development of a new crop; arguments relating to employment because it is evident that this crop and the general development of the factory production, if it can be developed, will lead to greater employment; and, lastly, an argument that always appeals strongly to myself, namely, that it was a desirable thing, if you could, to stimulate production of home-grown sugar. I think it is also true to say that the experience of all beet-producing countries goes to show that with this industry it is necessary to be prepared to give a measure of assistance in the earlier years. It is not a very easy business to start. For one thing the farmers are naturally very conservative people. It is a badge of their tribe in all countries.

They want a certain inducement before they will start out on a new departure. Of course, the general process of manufacture is highly technical, and before it will be undertaken both farmers and the manufacturing side of the industry demand a certain measure of stability.

The principal reason that led the late Government and this Government to substitute the policy of subsidy for the policy of remission of Excise Duty was that, unless you were to tie the hands of the Chancellor of the Exchequer in dealing with the Customs Duty on sugar, it was impossible to give stability to sugar beet production in this country. It is evident that, in so far as they depended for protection on the scale of Customs Duty, as soon as that scale was varied so their measure of protection would automatically be varied and instability would be introduced. I would also emphasize this—that if stability is necessary from the point of view of the industry, in my judgment it is not less necessary from the point of view of the State that the assistance which the State gives should be of a temporary character; that is to say, that the commitments that the State undertakes should be definite and that the State and the taxpayer should know where they are. For that reason it has been proposed that the subsidy shall be payable for 10 years on a decreasing scale, the first four years on a certain scale, gradually falling to extinction at the end of the term.

As a condition of that subsidy it will be necessary for the factory to pay the growers a certain minimum price for the beet which they buy from the farmers during the first four years. That price will be fixed in the Bill at a figure of 44s. a ton, with $15\frac{1}{2}$ per cent. of sugar content. The second condition, which we propose to attach to the enjoyment of the subsidy, is one that will commend itself to all members. That is a condition that a factory enjoying the subsidy should have in its plant a considerable proportion of machinery made in this country. That is reasonable, because we are stimulating this industry by British money, and it is not unreasonable to ask and to secure that the greatest possible benefit inures to British industry out of the public money expended. The percentage that will be suggested in the Bill is 75 per cent. It will be necessary to add certain conditions to that, and they will be found in full in the Bill. I hope, therefore, that these proposals will be found to be largely non-controversial and agreed. I think that the veriest Free Trader need not fear that the late Chancellor of the Exchequer (Mr. Snowden), who was responsible for the initiation of these proposals, would have put his name to anything that could seriously be thought to impugn the principles of which he is so devoted a disciple. Indeed, every Free Trader, from the great economist downwards, would admit that it was not unjustifiable to afford a special measure of help to a nascent industry. There is, however, one aspect of the question that has excited some criticism. That is its reaction upon the business of the great refining industry carried on in this country. The refiners have complained that the scale of the subsidy as at present drawn confers a preference upon the production of refined sugar as compared with the production of what may be called raw sugar, and thereby they fear that the attempt which we are making to assist one British industry will merely be made at the expense of another established industry.

For my part I say at once that any such objection or consideration as that is entitled to the most careful and sympathetic consideration of the Committee. That I will endeavour to give it. I cannot help thinking, however, that that fear is based upon some misappreciation of the facts. Apart from the fact that the whole modern development of this business in Continental countries, as I am advised, favours the establishment of a continuous process in one factory, from the handling of the raw material, the beet, to the final manufacture of the refined sugar, as the most economic process, I think it might be supposed, from the objections that have been stated publicly by those who speak for the refining industry, that it was proposed in this subsidy actually to give a preference to refined sugar over raw sugar. It might even be supposed, from some of the literature I have seen, that no subsidy was being given on the production of raw sugar at all. That really is a great misconception. The scale of the subsidy we propose is exactly the same as the scale at present enforced in the Customs Duty. Therefore, I confess that it is a little bit difficult for me to

understand why a scale which is so fair in Customs would necessarily be unfair in the subsidy. If at any time a case was established for the variation of the Customs scale, of course the subsidy scale would properly vary with it. I am advised that it would be almost impossible, or at all events administratively most difficult, to try to work on two scales for the two sides of what is really a single subject.

I go a little further than that. I suggest there is only one basis on which you can deal with this question, whether you are dealing with it by Customs or dealing with it from the angle of subsidy. You must deal with it on the basis of the closest scientific approximation you can get to the amount of extractable sugar content at any given stage, and that is the basis upon which we have tried to proceed. We have sought to hold the scales absolutely evenly between the raw sugar interest and the refining interest. From my point of view as Minister of Agriculture, it does not make a great deal of difference—it does make some difference, but not much—whether a factory wants to make raw sugar or refined sugar. There are some people who have sugar factories, and who are putting up factories, who want to make white sugar. There are others who, partly because the process is not so expensive and partly because they have other facilities, wish to stop at the raw sugar process. Our scale is devised in an endeavour to mete out impartial justice according to a scale, the scientific value of which has been more or less accepted.

I would point out that there is nothing in the world to prevent the refining interest, if it wishes to do so—as I greatly hope it will—itsself going into this business and establishing its own factories and thereby qualifying itself to draw the subsidy. I go even further. I think it might have been argued that the refining interest had certain grievances if the case had stood at this point, namely, that the subsidy was to be payable on the product of a factory, and if that factory finished raw sugar, it might have been argued that a man who took on raw British sugar and finished it off, up to the refining stage, was suffering an injustice in face of the competition of the other subsidized complete process carried on in another factory next door. Therefore I propose to extend slightly the principle by which, if a refiner prefers to go into the raw sugar process and carries the raw sugar away to his existing refinery, we propose to pay him the sugar subsidy on the refined sugar on the final stage in the refinery. I hope that by this concession we may go a long way towards removing whatever measure of injustice was—as I think wrongly—conceived to lurk in our proposals.

A few words in conclusion as to the cost of the Financial Resolution. It will be recognised that it is difficult to estimate with complete accuracy a cost which, obviously, depends upon the number of factories established and upon the type of those factories. The best estimate I can give is that it will cost £530,000 gross this year by way of subsidy. Off that has to be taken about half, which represents the income from the reimposed excise, which leaves the net cost to the State about £265,000. Those figures will be doubled for the second year, but beyond that it is impossible to make any forecast without knowing how many factories will be built. It may interest the Committee to know that three factories are in operation and eight new factories are contemplated, of which, I think, six are likely to be ready for working by October, 1925, and will be therefore ready to take next year's crop.

Mr. BUXTON (Lab.), who spoke for the late Government, expressed pleasure that the present Government proposed to carry on the policy formulated by their predecessors. The only point that gave him doubts was the wisdom of the condition as to 75 per cent. of the machinery being British. He asked the Government to exercise special vigilance to see that the best possible machinery is bought without handicapping or interfering with the factories that are to be established. There was rather a warning experience, he added, in regard to the factory which the Government financed at Kelham; a great deal of the machinery had in the end to be replaced. As regards the agriculture of the sugar beet he considered that the farming community were going to derive from the subsidy a degree of education that would make the expenditure worth while. It necessitated for instance the use of various new forms of agricultural machinery. One could not even get the sugar beet crop up without using a lifter, which was quite unknown in connection with other crops. Again one

cheaped the processes of arable farming generally because of the extraordinary qualities of the beetroot crop, which as contrasted with other root crops was a paying one. In Germany it was said that the wheat crop on a given area has been increased by as much as 15 per cent. But the real example for us was Holland which after a period of protection became a model of free trade in regard to sugar, and the industry there was without any help at all now an extremely flourishing one.

Mr. MACQUISTEN (U.) strongly supported the proposal as to British machinery preponderating in the new factories and did not think it was necessary to get even 25 per cent. of the machinery from abroad. Men who had been walking about the streets of Glasgow looking for work would now be engaged in making sugar machinery. In his view the earlier factories made a mistake in going abroad for their machinery. The manufacture at home of future equipment would be an immense help to the engineering industry. As for the agricultural side of the industry, all history showed that the beet sugar industry never grew in any country without assistance at the start. But our home production would never be able to undertake the supply of more than 25 per cent. of the sugar we needed in this country; it would be an immense help, however, in keeping down the price of sugar.

Mr. HANNON (U.) speaking for the refiners said they were not opposed to the principle of the subsidy generally, but only to its extending to sugar of a higher polarization than 98°. If the beet sugar manufacturer was permitted to manufacture sugar exceeding that quality he was given a measure of protection of 21s. 5d. as against the man now engaged in the refining of sugar in this country. The British sugar refining industry to-day was quite willing to co-operate with the beet sugar factory in converting its raw sugar into white sugar; it would be glad to see raw sugar manufactured up to 98° polarization, but above that point the State was using the taxpayers money to strike a blow at the refining industry.

Sir GODFREY COLLINS (L.) spoke in a similar strain and appealed to the Government to give special consideration to the Greenock sugar refining industry.

The Financial Secretary to the Treasury (Mr. GUINNESS) explained why the Government could not agree to cut the subsidy short at 98° polarization as moved by Mr. Hannon. The Customs authorities claimed that the present scale of duties represented by the relative sugar values of each degree of polarization as fairly as could be arrived at. But when the scale was originally laid down the refiners complained that it allowed for the recovery of too high a percentage of sugar when you got near the top. Now they were saying the contrary, and he really thought the Government were striking a balance between the two complaints. The refiners' argument appeared to be that though the scale was fair for Customs and Excise it was not fair as a basis of subsidy. The Government on the contrary believed that the scale did give that fairness and that it offered no preference to the refiners as against the raw sugar producers. If the scale was unduly favourable to the refiners in declaring sugar at high polarization, it was also perfectly fair to the position of the refiners to give them the opportunity to establish factories and to share in the benefits of the subsidy. If they did not want to do that, they could take over the sugar in an unrefined state and refine it themselves and get a payment for the refined that would put them on absolutely equal terms. He mentioned that the Bury St. Edmunds factory which was being projected by a Czecho-Slovakian group did not intend to produce white sugar, so that their sugar would be available for the refiners. As a matter of fact he did not think the refiners really wanted the lower scale. "This is the report of their case as put before the Board of Customs and the Minister for Agriculture. The British sugar refiners ask that the subsidy should be confined to unrefined and withheld from refined sugar. In default of that the subsidy scale should be adjusted to give more subsidy proportionately to unrefined than to refined sugar, so that factories might be encouraged to produce the unrefined article which would have to be sent to the existing refineries for refinement. See what that would mean. It would actually penalize the British producer as against the foreign producer. At present a consumption of 1,500,000 tons exists in this country and there are about 500,000 tons brought in ready refined from abroad. That sugar under this proposal would still come in. The foreign refiner would be allowed the full benefit of

our market, but a new and promising sugar industry in this country would not be allowed the same opportunities for economic production but would be prevented by artificial working of the scale against them from engaging in this industry, the product of which in foreign countries is given free entry in this market. That is a policy with which we cannot agree. We feel that in this subsidy we must hold the scales absolutely even and not interfere as between one part of the industry and the other. We do not think it would be fair to give preference to existing refiners and by so doing penalize the new factories from going into business."

After further debate, the Resolution was put to the House, and carried by 223 to 22 votes.

30.—The British Refiners and the Subsidy Proposals.

Statement by the Society in an Interview by THE TIMES—December 18th, 1924.

The subsidy provides for state assistance to the extent of 21s. 5d. per cwt. This is 4s. 3d. less than the state assistance formerly enjoyed through the remission of the Excise Duty, which is now to be re-imposed. The subsidy of 19s. 6d. is for sugar exceeding 98 deg. polarization, and is reduced on a scale corresponding with a similar reduction in the Customs Duty, which scale has always existed. The material with a lower sugar, weight for weight, cannot expect to receive the same subsidy, on the one hand, or be charged with the same rate of Excise on the other. All sugars, therefore, receive a subsidy, or are charged with Excise Duty according to the extractable sugar per given weight. To alter this scale would give a bias in favour of one sugar against another.

The three existing beet sugar factories in England (Kelham, Cantley and Colwick) produce white sugar directly from the beet juice in a continuous process. If this were not done they would be behind any modern beet sugar factory in the world, and would lapse to the level of technical development of 30 years ago. Moreover, if the white sugar factories had to make raw sugar, it would not be economical, since the refineries, owing to their handling of raw imported sugar, are situated at seaports, with consequent delay in, if not impossibility of, achieving that independence of the subsidy which is their aim.

So far as competition is concerned, it is in the interests of the growers and manufacturers to produce the best article possible, and to obtain, in open market, the best price for their produce. On the other hand, the larger the supplies the cheaper the commodity, so that the consumer is eventually benefited, apart from the desirability of independence—a lesson taught by the soaring price of sugar during the war.

The refiners make their proposal at a time when the home beet sugar industry produces only three days' supply of the sugar consumed in this country. Yet, at no time has the British refiner manufactured all the sugar consumed in the United Kingdom, and consumption will continue to increase. In 1922, 1,908,970 tons were imported, of which 523,539 tons came into this country already refined. To replace this quantity—namely, 523,539 tons—at least 50 factories, dealing with 4,000,000 tons of beets, would be required, and this would still leave the refiners in the same position as to-day, since this refined sugar obviously is never touched by the home refiners.

The refiners, therefore, have the remedy in their own hands. They have been repeatedly invited to assist the home beet sugar industry to build beet sugar factories,* and to apply thereto their considerable financial resources and their skilled technical experience. It is in their power to become a valuable and effective factor in the restoration of the fundamental industry of British agriculture, and in the creation of new industries giving employment to British labour and British capital.

* The leading British Refiners have since announced their intention to associate themselves in a scheme to build a beet sugar factory at Bury St. Edmunds.

31.—The Home Grown Sugar Industry and the Refining Industry.

Reprinted from the "International Sugar Journal"—January, 1925.

THE PROS AND CONS OF THE MATTER.

To take the fundamentals first, the plain fact of the matter is that the refiners are up against something much bigger and more permanent than the question of an inequitable subsidy lasting under present intentions for ten years. This is neither more nor less than the cardinal fact that the production of sugar fit for table consumption is tending increasingly to become a single process, carried on in one factory with no intermission of operations. In beet sugar manufacture this single process is now in general operation in most up-to-date beet factories, especially in America where such a thing as raw beet sugar ever being offered on the market to the refineries proper is practically unheard of. It is probably quite accurate to say that all the U.S. beet sugar factories are producing white granulated sugar, without any raw sugar stage with its subsequent re-melting of raws. On the Continent of Europe things are more in a stage of transition; vested interests, and the existence of a large number of old factories, preclude any wholesale alteration in the *modus operandi*; but the tendency when modernizing old, or building new, factories is here also in favour of the one-process system, and it can only be a question of time ere the supply of 88 per cent. beet (at all events the surplus available for export) will tend to diminish greatly if not to cease altogether.

In the cane sugar industry the orientation is the same way, even though, owing to the more gummy nature of cane juice as compared with that of beet, scientific attainment has not advanced quite so far along the road to success. But it may be assumed that cane technologists have this aim in constant view and will not rest from their researches till the cane sugar factory also can turn out a perfectly marketable white sugar.

The main question then is: Are we in starting a new industry in this country, an industry which is one of the most highly technical of its kind in existence, to handicap the beet sugar factories concerned, by making them handmaids to the existing refineries, or are we to give them *carte blanche* to adopt just that procedure as will prove most economical and remunerative for them in their fight against world-wide competition of the most up-to-date description? Mr. Guinness (the Financial Secretary to the Treasury) in his speech in Parliament (reproduced on another page) was clear in his view as to what the answer should be. Incidentally, he pointed out that the refining interests in their representations to the Board of Customs and Excise suggested as an alternative to the present official scale of subsidy that the scale should be adjusted to give more subsidy proportionately to unrefined than to refined sugar so that factories might be encouraged to produce the raw article which would have to be sent to the existing refineries for refinement. Now it is obvious that any such desire of the refiners to retain their monopoly at the expense of the home beet sugar manufacturers is not one that can be countenanced in the process of building up in this country a thoroughly modern beet sugar industry. The interests of the two are—for the present at all events—largely irreconcilable; and public opinion where properly informed is all in favour of giving the white sugar factories a free hand. We are not prepared to commit ourselves at this stage to affirming that there is no means of compromise that will surmount the refiners' difficulties. But we affirm that the new factories must have the freedom to turn out just that type of sugar that it pays them best to manufacture, and if they get a subsidy at all it must not be scaled to penalize them in the matter of their given choice.

32.—The Subsidy—A Stimulus to Enterprise.

Statement by the Secretary on behalf of the Society before the Rotary Club at Manchester—January 8th, 1925.

It is a sign of the general desire to place British agriculture upon a more stable foundation that widespread interest in the new sugar beet industry is being shown by representative business men in the principal industrial centres. Experience abroad and practical pioneer work at home have proved the industry's value. Consequently three successive Governments, with general consent, have continued the principle of state aid.

The following illustrates the benefit to agriculture which the industry affords. In 1911 a report was presented to the United States Senate in which it was stated that sixty years before, a beet sugar factory was erected on one of the Imperial Estates of Europe. During that period one-third of its cultivable area had been planted with sugar beets grown in rotation. The records for that sixty years showed that the remaining two-thirds not planted with beets had produced a greater tonnage of crops than the entire three-thirds for the sixty years prior to the construction of the factory. The stock carrying capacity of the estate had also been increased by 100 per cent.

The state assistance hitherto granted to the home industry was in the form of remission of Excise Duty. Its value was dependent upon the prevailing rate of Customs Duty upon imported sugar. While avoiding the permanent closing down in 1922 of the two factories at Kelham and Cantley it failed to expand the industry by reason of the uncertainty of future duty rates. The consumer's sympathy was alienated because it would be necessary to maintain a high import duty upon the annual consumption of nearly two million tons of sugar in order to conserve a comparatively insignificant benefit to the home production of less than one per cent. of this quantity.

These considerations prompted the suggestion of the alternative method of subsidy. Taking new factories as the basis, the society believed that the existing benefit of 25s. 8d. per cwt. might be reduced to 21s. This concession, stabilised at definite rates on a diminishing scale for a period of 10 years, would ultimately allow the industry, having gained the necessary experience, to become self-supporting, while maintaining for the grower a profitable price for his beets.

The decision of the late Government was made on these lines after exhaustive enquiries, and confirmed by the present Government. The Excise Duty is re-imposed and all sugar produced at the factories is manufactured under Excise supervision. The subsidy is at the rate of 19s. 6d. per cwt. for four years including last year, 13s. for the next three years, and 6s. 6d. for a further three years, after which it ceases. It is independent of the annual revision of the Customs Duty on imported sugar and of the corresponding Excise Duty which is at the Dominion Preference rate.

The consumer is not prejudiced. It is in his interests to encourage the increase of home produced sugar in order to steady prices. The investor who is required to find from £300,000 to £400,000 for each factory can arrive at his estimates of income and sinking fund charges over a period of years by reason of the stabilisation of the State assistance. The sugar beet grower whose only market is the factory, can introduce the crop into his regular farming programme with a feeling of security.

The effect of the subsidy proposals is already apparent. Enterprise has become evident in all directions. The society, a propagandist body, thoroughly representative of all interested in this new industry, is using all its influence to avoid any misdirection of policy which might throw out of perspective the main objects of the industry, namely, the encouragement of sugar beet production at a profit to the grower and the economic manufacture of sugar of a high quality, with a view ultimately to compete on even terms with the older industry in foreign countries. It should not be assumed, as was demonstrated during the first season at the Kelham Factory, that the subsidy in itself will guarantee a manufacturing profit. Excessive costs in the erection of the factories or inefficiency of technical organisation from the outset may make it impossible for the industry to honour its pledge to be self-supporting

at the end of the 10 years' period. Any factory which fails to do so will prejudice the interests of the farmer in the district which it serves. The society, therefore, strongly urges the building up of reserve funds during the period of the higher rates of subsidy and provision for depreciation at generous rates.

The intention of the subsidy is also to spread its benefits over as wide an area as possible. To erect factories too close to each other is to the detriment of the industry's future. The society hopes that those entering upon new enterprises will avoid danger of overlapping of interests and will preferably devote attention to the new agricultural areas in which a definite and corporate desire to take up the cultivation of sugar beet has arisen.

Two strong groups gave an undertaking to the late Government to erect six new factories in addition to the present three factories at Cantley, Kelham and Colwick. Of these, four are being built for the 1925 crop of beet at Ely, Kidderminster, Spalding and Ipswich, and one of the remaining two factories has been allotted to the West of England. Other groups are being formed and arrangements for the erection of further factories, it is understood, are well advanced.

33.—The Extension of the Industry.

Statement issued to the Press by the Society—January 14th, 1925.

When the late Government decided to re-impose the Excise Duty on home produced sugar and to adopt the alternative method of subsidy on a diminishing scale for 10 years, it was with the object of broadening the basis of experience and education in this new industry, and with this in view of attracting capital for the building of new factories.

There are at present three beet sugar factories—at Kelham, Cantley and Colwick, which can only serve the interests of farmers as sugar beet growers in the neighbouring districts. It is most important therefore that the state assistance to the industry should stimulate enterprise in districts not at present served by factories.

Before the late Government announced their subsidy proposals, now confirmed by the present Government, two strong groups, responsible for the operation of the three existing factories, gave an undertaking each to build three new factories on the basis of the subsidy proposals, and the necessary capital and other commitments had to be made in order to implement these promises.

One of these two groups which operates the Colwick factory is building new factories at Kidderminster and Spalding for the 1925 season. The other group, which operates the Cantley and Kelham factories is also building new factories at Ely and Ipswich for the 1925 season, and has allocated its third promised new factory to the West of England. The building of this factory by the Yeovil Beet Sugar Factory, Limited, will be started as early as possible this year.

Though the factory cannot be in full working order for the 1925 season it will be ready to deal with a full supply of beets in 1926. Contracts for beets will shortly be offered for three years including this year to growers in the district, on the understanding that the 1925 crop will be delivered to completed factories instead of the Yeovil factory, the additional expense in carriage rates being borne by the Factory. The beet contract will be identical with the contract offered by the existing factories, which has been also adopted by the other new factories being built by the two groups referred to, and approved by the National Farmers' Union. The contract is subject to the statutory minimum of 44s. per ton of beets on the basis of 15½ per cent. sugar content.

The Yeovil factory, the capacity of which will be 1,200 tons of beets per day, will require the cultivation of 10,000 acres of beets during each season. It is hoped that farmers in these districts of the West of England will take the opportunity thus afforded of introducing the sugar beet crop into their farming programme and thus co-operate in this new enterprise. The Yeovil company will give any necessary advice and assistance to growers in connection with the cultivation with the view to securing a crop of a high yield and beets of good quality.

* See also note on page 36.

34.—Sugar Beet Contract—Prevailing Terms and Conditions.

1. **PRICE.**—The price to the Grower per net ton for properly topped and washed beets (tare deducted) delivered into the Factory sidings or flumes in each of the Seasons 1925, 1926 and 1927, will be a sum equal to the average sale price per cwt. of sugar (as hereinafter defined) obtained by the Factory in each of such Seasons respectively, plus one-seventh of such sum, but the price when so ascertained shall be subject to the following additions or deductions: Two shillings and sixpence or a fraction thereof per net ton to be added for each one per cent. or a fraction thereof of sugar content over $15\frac{1}{2}$ per cent., and two shillings and sixpence or a fraction thereof per net ton to be deducted for each one per cent. or a fraction thereof of such sugar content less than $15\frac{1}{2}$ per cent.

2. **FREIGHT.**—The Factory will pay all rail or barge freight on behalf of the Grower, and deduct the same from the Grower's account. If not so deducted, such freight will be due and payable to the Factory on demand.

3. **CERTIFICATE OF SUGAR PRICE.**—The average sale price of sugar referred to in Condition 1 shall be the average net price, after deduction of commissions, discounts, and freight charges on sugar, received for white granulated sugar produced at the Factory between 1st October, 1925 and 31st January, 1926, inclusive, 1st October, 1926 and 31st January, 1927, inclusive, and 1st October, 1927 and 31st January, 1928, inclusive, as certified to the Factory by its Auditors, who for this purpose will value the sugar unsold at the market price prevailing on the 31st January, 1926, 1927 and 1928 respectively. The price so certified shall, if so desired, be verified by a chartered accountant to be appointed by the Growers.

4. **WEIGHT.**—The Grower is not required to wash the beets, which will be weighed at the Factory upon arrival. The tare of each consignment will be calculated by taking a sample and washing the same, and the loss in weight occasioned by washing and re-topping (if necessary) will represent the percentage of tare to be deducted from the weight of the consignment. The Factory has the right to unload by water power in which case two lbs. per cwt. will be added to the said tare. The same addition of two lbs. per cwt. will be made for beets delivered by road and tipped direct into a flume.

5. **SUGAR CONTENT.**—From each consignment, ten beets of different sizes, representing as nearly as practicable the range of sizes in the said consignment and as topped and delivered by the Grower, will, after being washed, be analysed by the chemist of the Factory in order to ascertain the sugar content by the "cold water digestion method."

6. **GROWERS' REPRESENTATIVE.**—The National Farmers' Union may, at their own expense, appoint a Representative to verify the weights, tares and sugar content of beets delivered, provided that any group of growers whose contracted acreage exceeds 1,500 acres may also appoint, at their own expense, a Representative for the aforesaid purpose.

7. **SEED.**—Seed will be provided and sold by the Factory to the Grower at cost price. The cost of the seed will be deducted from the Grower's account for beets delivered, and if not so deducted shall be due and payable to the Factory on demand. Beets will not be accepted unless grown from seed supplied by the Factory, and the Factory will use its best endeavours to supply the beet seed, but can accept no responsibility therefor.

8. **CULTIVATION AND HARVESTING.**—The crop shall belong to the Factory as soon as sown, and shall not be ploughed up or otherwise destroyed without the previous permission in writing of the Factory. All beets grown must be delivered and in good condition as free as possible from dirt, loose leaves, weeds, etc., and topped *squarely below where the lowest leaves have grown, that is to say, all the crown including the lowest bud, must be completely removed.* The Grower must take reasonable care that the beets are protected from the sun and frost until delivery.

9. **DELIVERIES.**—Deliveries of the beet must be made regularly in about equal quantities per month between the 1st October and the 20th December in each of the Seasons 1925, 1926 and 1927, unless otherwise agreed with the Factory. The Grower must give ten days' notice of each consignment of his crop and such consignment must not be despatched until confirmed by the Factory. In the event of default by the Grower in observing these regulations or any other regulations agreed in writing between the Factory and the Grower, the Factory shall be entitled to refuse to accept such portion of the crop to which the default relates.

10. **PREMIUM FOR EARLY DELIVERIES.**—In the event of the Factory desiring to take delivery of any beets prior to 1st October in any of the Seasons 1925, 1926 and 1927, a premium will be paid for every net ton of beets delivered prior to that date, the amount of any such premium to be notified to the Grower not later than 15th September, 1925, 1926 and 1927 respectively.

11. **PAYMENT.**—The amount due to the Grower for beets delivered during the Seasons 1925, 1926 and 1927, shall be paid to him on or before 15th February next following each such Season. Payments on account shall also be made—on the basis of a sugar price to be estimated by the Factory—on the 15th day of each month for all his deliveries to the Factory during the preceding calendar month, and such payments on account shall be subject to deduction in respect of all accounts due and payable by the Grower to the Factory.

12. **BY-PRODUCTS.**—The Grower shall have the option of purchasing from the Factory dried beet pulp to an amount equal in weight to 5 per cent. of the total net weight of beets delivered by him in each Season at the price of £5 per ton, *ex Factory*, provided that such option is exercised in writing to the Factory before the 1st August in each Season, and that the Grower thereby undertakes to use upon his own farm the dried beet pulp so purchased. If the Grower has not exercised such option before the said date he shall not be entitled to purchase dried beet pulp manufactured by the Factory except in the open market. The delivery of pulp to the Grower may, at the option of the Factory, take place during the Campaign, but in any event such delivery shall not be postponed beyond the first day of February, 1926, 1927 and 1928 respectively.

13. **ADVANCES.**—The Factory is prepared to make an advance not exceeding £5 per acre, and not exceeding £200 per Grower (provided that in the opinion of the Factory the condition of the drop warrants it) in two instalments, as follows :—

(a) Not more than £2 10s. per acre *when the crop has been singled to the satisfaction of the Factory.*

(b) Not more than £2 10s. per acre on or after the 1st August in each Season. Growers who may desire to avail themselves of this opportunity must first make written application to the Factory. The amounts of such advances with interest at the rate of 5 per cent. per annum shall be deducted by the Factory from the Grower's account before making any payments in respect of beets delivered and if not so deducted, shall be due and payable to the Factory on demand. No interest on advances shall be chargeable beyond the 1st November in each Season.

14. **ASSIGNMENT.**—The Factory shall be at liberty to assign this Contract to any responsible person, firm or company, and upon notice of any such assignment being given to the Grower, all liability of the Factory thereunder shall cease, and shall be borne by the assignee of the Factory.

15. **DETERMINATION OF CONTRACT BY GROWER.**—If during the continuance of the Contract the Grower, being the owner as well as the occupier of the land to which the Contract applies or is intended to apply, shall sell such land, or being the tenant only of such land shall (a) sell his rights in the lease or agreement whereunder he occupies such land, or (b) have his lease or agreement determined by any means not within his control, then and in any of the said cases the Grower shall be at liberty to determine the Contract on the 1st day of February, 1926, or the 1st day of February, 1927.

16. **DISPUTES.**—Any disputes arising out of the performance of this Contract shall be referred to a single Arbitrator to be appointed by the President for the time being of the Surveyors' Institution, whose decision shall be final.

17. **STRIKES, LOCK-OUTS, ETC.**—If and in so far as the failure on the part of the Grower or the Factory in the performance of all or any of their respective obligations hereunder (other than the payment of money owing) is due to strikes, combinations or restriction of work by the workmen of the Grower or of the Factory, or of any person, firm or company, where the result of such strikes, combinations or restriction of work is to delay or prevent such performance, then such failure, to the extent to which it is so due, shall not constitute any default or breach of contract on the part of the Grower or of the Factory, and no penalties or damages shall be payable by or to either party hereto in respect thereof.

18. **PAYMENT OF GROWERS' REPRESENTATIVES' ETC.**—The Factory shall deduct one penny per net ton from the Growers' account, and pay it to the National Farmers' Union, 45, Bedford Square, W.C. 1, for or towards the cost of verifying weights, tares, sugar contents, and sugar prices on the Growers' behalf.

IN THE CASE OF NEW FACTORIES—

Notwithstanding anything in this Contract contained, during the seasons 1925, 1926 and 1927, while the Government Subsidy remains at 19s. 6d. per cwt., the price payable to the Grower as specified in Condition (1) of this Contract will be increased (a) by 11s. 2d. per ton (i.e., the difference between the rate of Subsidy and the rate of Excise Duty plus one-seventh of such difference) and (b) by a further 2s. 6d. per ton. A tonnage bonus will also be paid of 1s. per ton for every 10,000 tons of beets exceeding 50,000 tons worked at the factory during each season, with a maximum tonnage bonus of 5s. per ton. The price to be paid to the Grower shall not be less than 49s. per ton during the season 1925, or less than 54s. per ton during the seasons 1926 and 1927, and in the case of either of such sums on the basis of 15½ per cent. sugar content in the beets delivered.

IN THE CASE OF EXISTING FACTORIES.—

Notwithstanding anything in this Contract contained, during the seasons 1925, 1926 and 1927, while the Government Subsidy remains at 19s. 6d. per cwt., the price payable to the Grower as specified in Condition (1) of this Contract will be increased (a) by 11s. 2d. per ton (i.e., the difference between the rate of Subsidy and the rate of Excise Duty plus one-seventh of such difference) and (b) by a further 2s. 6d. per ton. A tonnage bonus will also be paid of 1s. per ton for every 10,000 tons of beets exceeding 50,000 tons worked at the factory during each season, with a maximum tonnage bonus of 5s. per ton. The price to be paid to the grower during the seasons 1925, 1926 and 1927, shall not be less than 54s. per ton, on the basis of 15½ per cent. sugar content in the beets delivered.

January 28th, 1925.

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